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*Barclays Official*  
**CALIFORNIA  
CODE OF  
REGULATIONS**

**Title 12. Military and Veterans Affairs**

Complete Title

**Vol. 16**

**THOMSON**  
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**WEST**

**BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS**  
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# **BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS**

## **REVISED EDITION**

This edition of *Barclays Official California Code of Regulations*, revised on April 1, 1990, has been published under the direction of the California Office of Administrative Law which is solely responsible for its contents. Comments or questions regarding regulations published in this edition should be addressed to the State of California, Office of Administrative Law, 300 Capitol Mall, Suite 1250, Sacramento, CA 95814, (916) 323-6225. Errors reported will be promptly corrected in subsequent supplements.

## **OFFICIAL PUBLICATION**

Courts are required to take judicial notice of contents of regulations published in the *Official California Code of Regulations* (Gov. Code, § 11344.6). *Barclays Official California Code of Regulations*, as revised April 1, 1990, has been certified by the Office of Administrative Law as the official publication of the State of California for this purpose pursuant to title 1, *California Code of Regulations*, section 190.

## **CODE SUPPLEMENTS**

Amendments to the official Code are certified weekly by the Office of Administrative Law for publication by Barclays. These amendments, when certified and published, become part of the *Official California Code of Regulations*, beginning with Register 90, No. 14, dated April 7, 1990, and include all regulations filed with the Secretary of State on or after April 1, 1990. Amendment subscriptions to the entire revised Code, or to parts of it, are available from the publisher. For a descriptive brochure and order form, write Barclays Official California Code of Regulations, P.O. Box 2008, San Francisco, CA 94126 or telephone 800-888-3600.

## **CODE CITATION**

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## **TITLE 12. MILITARY AND VETERANS AFFAIRS**

### **NOMENCLATURE CROSS-REFERENCE**

(NOTE: Effective April 1, 1990, the Office of Administrative Law authorized the renaming of the hierarchical headings used within the Titles of the *California Code of Regulations*. Until the agencies implement these changes in their regulations, use the following Cross-Reference Table for the new organizational headings used in this Title.)

<b>OLD HIERARCHY</b>	<b>REVISED HIERARCHY</b>
Division .....	Division
Part .....	Chapter
Chapter .....	Subchapter
Section .....	Section

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# TITLE 12. MILITARY AND VETERANS AFFAIRS

## Division 1. Adjutant General

### Chapter 1. Military Department—Conflict of Interest Code

**NOTE:** It having been found, pursuant to Government Code Section 11409(a), that the printing of regulations constituting the Conflict of Interest Code is impractical and these regulations being of limited and particular application, these regulations are not published in full in the California Code of Regulations. The regulations are available to the public for review or purchase at cost at the following locations:

MILITARY DEPARTMENT  
2829 WATT AVENUE  
POST OFFICE BOX 214405  
SACRAMENTO, CALIFORNIA 95821

FAIR POLITICAL PRACTICES COMMISSION  
1100 K STREET  
SACRAMENTO, CALIFORNIA 95814

SECRETARY OF STATE  
STATE ARCHIVES  
1020 "O" STREET  
SACRAMENTO, CALIFORNIA 95814

The Conflict of Interest Code is designated as Chapter 1, Division 1 of Title 12 of the California Code of Regulations, and consists of sections numbered and titled as follows:

#### CHAPTER 1. MILITARY DEPARTMENT—CONFLICT OF INTEREST CODE

##### Section

1. General Provisions  
Appendix

NOTE: Authority cited: Sections 87300 and 87304, Government Code. Reference: Section 87300, et seq., Government Code.

##### HISTORY

1. New Division 1 (Sections 1–31, consecutive) filed 10–31–78; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 1–18–77 (Register 78, No. 44).
2. Repealer of Chapter 1 (Sections 1–31) and new Chapter 1 (Section 1 and Appendix) filed 2–26–81; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 12–1–80 (Register 81, No. 9).
3. Amendment of section and Appendix filed 8–10–98; operative 9–9–98. Approved by Fair Political Practices Commission 5–1–98 (Register 98, No. 33).

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## **Title 12. Military and Veterans Affairs**

### **Division 2. Department of Veterans Affairs**

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## Division 2. Department of Veterans Affairs

### Chapter 1. Administration

#### Subchapter 1. Program Definitions

##### § 100. Definitions.

As used in Title 12 of the Cal. Code of Regulations:

(a) "Division Of Farm and Home Purchases" means the organizational unit within the Department Of Veterans Affairs that administers the Veterans Farm and Home Purchase Acts of 1943 and 1974.

(b) "Division Of Veterans Services" means the unit within the Department Of Veterans Affairs that administers:

(1) the Veterans' Claims and Rights Program as described in Section 699.5 of the Military and Veterans Code.

(2) the Veterans' Dependents' Educational Assistance Program as described in Sections 890 – 899 and Sections 981 – 981.7 of the Military and Veterans Code;

(3) the County Veterans Service Officer Program as described in Sections 970 – 975.5 of the Military and Veterans Code.

(c) "District Office" (under Part 2 of Division 2) means either a district office of the Division Of Farm and Home Purchases, or (under Part 3 of Division 2) means a district office of the Division of Veterans Services. The district office is the principal point of contact for veterans seeking the services from the Department within a specific geographical area.

(d) "Cal-Vet" is an abbreviation for "California Veteran" and is a popular term used to refer to a Department program.

(e) "Cal-Vet loan contract" means the contract as described in Section 987.69 of the Military and Veterans Code.

(f) "Cal-Vet loan" means a loan made by the Division of Farm and Home Purchases for the purchase of a farm or a home by a veteran under the provisions of the Veterans Farm and Home Purchase Acts Of 1943 and 1974.

(g) "Contract holder" means the purchaser as defined in Sections 985(c) and 987.53(c) of the Military and Veterans Code.

(h) "Assignment" means a change in the manner in which title is held on a property under a Cal-Vet loan contract.

(i) "Applicant" means the veteran and/or the veteran's spouse.

(j) "Veterans Home of California" or "Veterans Home" means the California Veterans Home at Yountville, the California Veterans Home at Barstow and any California Veterans Home which may be constructed at any other location in the future.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 700, Military and Veterans Code.

##### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).
2. Editorial correction of printing error in section heading (Register 92, No. 26).
3. Editorial correction of subsection (f) (Register 96, No. 49).
4. Change without regulatory effect adding new subsection (j) filed 8-19-97 pursuant to section 100, title 1, California Code of Regulations (Register 97, No. 34).

### Chapter 2. Veterans' Farm and Home Purchases

#### Subchapter 1. Eligibility and Qualifications

##### § 300. Determination of Eligibility and Qualifications.

The Division of Farm and Home Purchases shall review and determine the eligibility and qualifications of each applicant for a farm or home loan, without regard for a previously issued certificate of eligibility. Each applicant shall submit information, in such form or forms as the Division

may prescribe, which will enable it to determine the applicant's eligibility and qualifications.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

##### HISTORY

1. Sections 300–326, inclusive, originally printed 3-22-45.
2. Repealer of Sections 300 to 326, inclusive, filed 12-15-54; effective thirtieth day thereafter (Register 54, No. 26).
3. New Sections 300 to 315, inclusive, filed 12-15-54; effective thirtieth day thereafter (Register 54, No. 26).
4. Repeater of Division 2 (Subchapters 1–5, Sections 300–500, not consecutive) and new Division 2 (Parts 1–4, Sections 300–500, not consecutive) and redesignation of Subchapter 6 (Section 600 and Appendix) to Part 5 (Section 600 and Appendix) filed 12-6-82; effective thirtieth day thereafter (Register 82, No. 50). For prior history, see Registers 73, No. 48; 72, No. 44; 70, No. 41; 69, No. 11; 64, No. 16; 64, No. 3; 62, No. 23; and 60, No. 5.

\* Editorial redesignation from Chapter 2 to Division 2 in Register 78, No. 44.

##### § 300.1. Campaigns and Armed Forces Expeditionary Medals.

Cal-Vet loan benefits are available to veterans who served in a military campaign or expedition for which a medal was authorized by the government of the United States as identified in the Department of Defense Manual of Military Decorations & Awards, DOD 1348.33-M.

(a) The campaigns and authorized dates are:

1. World War I	April 6, 1917 – November 11, 1918
2. World War II	December 7, 1941 – December 31, 1946
3. Korean Conflict	June 27, 1950 – January 31, 1955
4. Vietnam Era	February 28, 1961 – August 4, 1964
5. Army of Occupation of Berlin	August 5, 1964 – May 7, 1975
6. China Service Medal (Extended)	May 9, 1945 – October 2, 1990
7. Operation Desert Shield	September 2, 1945 – April 1, 1957
8. Operation Desert Storm	August 2, 1990 – To Be Determined
	August 2, 1990 – To Be Determined

(b) Armed Forces Expeditionary Medals and authorized dates are:

1. Lebanon	July 1, 1958 – November 1, 1958
2. Vietnam	July 1, 1958 – July 3, 1965
3. Vietnam Service Medal	July 4, 1965 – March 28, 1973
4. Quemoy and Matsu Islands	August 23, 1958 – June 1, 1963
5. Taiwan Straits	August 23, 1958 – January 1, 1959
6. Congo	July 14, 1960 – September 1, 1962
7. Laos	April 19, 1961 – October 7, 1962
8. Berlin	August 14, 1961 – June 1, 1963
9. Cuba	January 3, 1961 – October 23, 1962
10. Thailand	May 16, 1962 – August 10, 1962
11. Cuba	October 24, 1962 – June 1, 1963
12. Congo	November 23 – November 27, 1964
13. Dominican Republic	April 28, 1965 – September 21, 1966
14. Korea	October 1, 1966 – June 30, 1974
15. Cambodia	March 29, 1973 – August 15, 1973
16. Thailand	March 29, 1973 – August 15, 1973
17. Cambodia	April 11, 1975 – April 13, 1975
18. Vietnam Evacuation	April 29, 1975 – April 30, 1975
19. Mayaguez	May 15, 1975
20. Iran, Yemen, and Indian Ocean	December 8, 1978 – June 6, 1979
21. Iran, Indian Ocean	November 21, 1979 – October 20, 1981
22. Lebanon	August 20, 1982 – May 31, 1983
23. Lebanon	June 1, 1983 – December 1, 1987
24. Grenada	October 23, 1983 – November 21, 1983
25. Libya	January 20, 1986 – June 27, 1986
26. Eldorado Canyon	April 12, 1986 – April 17, 1986
27. Persian Gulf	February 1, 1987 – July 23, 1987
28. Persian Gulf	July 24, 1987 – August 1, 1990

29. Panama	April 1, 1980 – December 19, 1986
	December 20, 1989 – January 31, 1990
30. Somalia	February 1, 1990 – June 13, 1990
31. Liberia (Sharp Edge)	At Any Time
32. Rwanda (Distant Runner)	August 5, 1990 – February 21, 1991
	April 7 – April 18, 1994

(c) For campaigns other than those listed, the Division shall require the applicant to submit the citation which accompanied the award of the medal along with separation or other appropriate military records. The Division shall review the language on the citation to assure that the medal was awarded for service in an action where foreign armed opposition was encountered, or in which the applicant was placed in a position that hostile action by foreign armed forces was imminent even though it did not mate-

rialize. Qualifying medals are issued to personnel who served during certain limited times, and within specifically designated geographical areas.

(d) Medals awarded for humanitarian operations do not qualify under Section 980 of the Military and Veterans Code.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 980, Military and Veterans Code.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).
2. Change without regulatory effect amending subsections (a)5. and (a)28. and new subsections (b)29. and (b)30. filed 12-2-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 49).
3. Editorial correction of (b)19. (Register 96, No. 49).
4. Change without regulatory effect amending subsection (b)29. and adding new subsections (b)31. and 32. filed 8-19-97 pursuant to section 100, title 1, California Code of Regulations (Register 97, No. 34).
5. Change without regulatory effect amending subsection (a)4. filed 4-28-98 pursuant to section 100, title 1, California Code of Regulations (Register 98, No. 18).

### **§ 300.2. Eligibility Criteria For Applicants In Campaigns or Expeditions Before and After January 1, 1977.**

(a) Applicants who have served on active duty at some time prior to January 1, 1977, and who have been released from active military service less than 30 years from the receipt or postmark of the application, shall be eligible for consideration for a loan funded by general obligation bonds.

(b) Applicants whose service is after January 1, 1977, or who were discharged from military service longer than 30 years from the receipt or postmark of the application, shall be required to qualify for revenue bond funding only.

(c) Applicants who qualify for both general obligation and revenue bond funding shall be required to accept revenue bond funding.

(d) In order to qualify for a loan funded by revenue bonds, the applicant shall be required to satisfy the following additional criteria:

(1) The applicant shall be a first-time home buyer as defined in 26 U.S.C.A. Section 143(d), or shall be purchasing a residence in a targeted area as defined in 26 U.S.C.A. Section 143(j).

(2) The property shall have a purchase price which is within the average area purchase price "safe harbor" limitations as defined in 26 U.S.C.A. Section 143(e)(2).

(3) The applicant shall have an income which satisfies the federal income limitation for revenue bond funding as defined in 26 U.S.C.A. Section 143(f).

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Title 26, United States Code Annotated, Section 143 and Sections 980, 987.52, 987.56, 987.57 and 987.64, Military and Veterans Code.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).

### **§ 300.3. Residency Determination.**

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980(a)(2) and 987.52, Military and Veterans Code; and Sections 244 and 245, Government Code.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).
2. Repealer filed 3-26-93; operative 4-26-93 (Register 93, No. 13).

### **§ 300.4. Eligibility of Minors.**

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 980(a)(2), Military and Veterans Code; Sections 25.1, 62 and 63, Civil Code, and Section 244, Government Code.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).
2. Repealer filed 3-26-93; operative 4-26-93 (Register 93, No. 13).

### **§ 300.5. Killed in the Line of Duty, While on Active Duty; Defined.**

(a) The definition of a veteran "killed in the line of duty while on active duty" is "died as a result of injury, disease, or other infirmity, which injury, disease, or infirmity was not caused by the veteran's own willful misconduct, during period of active military, naval, or air service".

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.58(b), Military and Veterans Code.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).

### **§ 300.6. Active Duty Personnel.**

(a) Any person who is presently on active duty and who is in all other respects a veteran, as defined in Section 980 of the Military and Veterans Code, is eligible for a Cal-Vet loan benefit. It is not necessary for the veteran to have been discharged or released from active duty in order to qualify for a Cal-Vet loan.

(b) The Division shall accept loan applications from eligible active duty veterans when they can reasonably demonstrate that they or members of their immediate family, as set forth in Section 987.60 of the Military and Veterans Code, will be able to occupy the home. Occupancy is a statutory requirement, and the Division shall advise the applicant concerning the conditions of the occupancy waiver pursuant to Sections 987.62 and 987.63 of the Military and Veterans Code.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980, 987.52(b), 987.60, 987.62 and 987.63, Military and Veterans Code.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).

### **§ 302. Application for Loan and Loan Processing.**

(a) An application for a farm or home loan must be filed in writing in the Division of Farm and Home Purchases district or satellite office having jurisdiction over the area in which the farm or home is located, in form or forms as permitted or prescribed by the Department, and must evidence the applicant's intent to apply presently for a loan by specifying the amount the applicant wishes to borrow and by specifically describing an existing farm or home property. If filed by mail, an application shall be deemed filed on the date of the postmark. If a postmark is illegible or otherwise unavailable, or if the application is filed in person, it shall be deemed filed on the date of receipt as printed, stamped, or written thereon by the office in which it was filed. If filed by facsimile or other electronic means available to the Department, it shall be deemed filed on the date it was received by the District or Satellite Office. The application may be processed based on the electronic forms; however, hardcopy originals of signed documents as required by State or Federal statute or regulations, must be received prior to funding.

(b) Applications may be submitted by the veterans directly, or by a Mortgage Broker on their behalf. Only Mortgage Brokers who have been trained and certified pursuant to Section 302.1 by the Department, on its standard loan processing and eligibility procedures, shall be allowed to submit Cal-Vet loan applications. The Department shall have the sole responsibility for the underwriting and approval of all farm or home loans, subject to Section 987.59 of the Military and Veterans Code.

(c) The intent of the Department is to process loan applications on existing homes from date of full compliance to issuance of loan documents in an average time of 30 days or less. Full compliance is the date that the following application documents have been received by the Department: Signed Loan Application on a specific property; Military Document(s) establishing eligibility; credit report; acceptable explanation of any derogatory credit items; bankruptcy documents or other credit related documents required for underwriting purposes; verification of income; Preliminary Report of Title; Sales Agreement. Issuance of Loan Documents is the issuance of Escrow Instructions, Cal-Vet Loan Contract and Memorandum Agreement of Sale to the escrow holder. Loan processing time does not include the time it takes the veteran to submit requirements of purchase.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.59, Military and Veterans Code.

#### HISTORY

1. Amendment of section heading and section filed 10-30-2000 as an emergency; operative 10-30-2000 (Register 2000, No. 44). A Certificate of Compliance must be transmitted to OAL by 2-27-2001 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 10-30-2000 order, including further amendment of subsection (b), transmitted to OAL 2-23-2001 and filed 4-6-2001 (Register 2001, No. 14).

**§ 302.1. Use of Mortgage Brokers.**

(a) Mortgage Brokers may represent the applicant during the loan process, and have access to any status information available through the Internet, over the telephone, or in person on behalf of the applicant and upon verification of authorization by the applicant via receipt by the Department of the "Designation of Agent and General Release" form (Form A-3 Rev. 10/00), or other agreements signed by the Agent and buyer, such as the Purchase Agreement, that authorizes the agent to act on the buyer's behalf.

(b) The Department shall post all program changes that affect loan processing on its Website for easy access by real estate professionals to keep them informed.

(c) The Department will certify individual mortgage broker companies who sign and complete a Mortgage Broker Agreement, complete three completed loans within 24 months, and send loan officers to Cal-Vet training. The Department will provide standardized training to Mortgage Brokers and their loan officers as resources permit on Cal-Vet loan processing and eligibility, which shall include, a training manual, and issuing a certificate verifying completion of training. This may be through Department staff or through a private vendor selected by the Department. Attendance is by pre-registration, and there may be a cost to cover materials and instruction.

(d) Use of Mortgage Brokers on USDVA guaranteed loans is subject to USDVA requirements since the Department is a USDVA guaranteed lender.

(e) A Loan Origination Fee to be paid through escrow by the buyer or seller of up to 1% of the loan amount may be charged and paid to any Mortgage Broker assisting the applicant and pursuant to the requirements as stated in this section.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.59, Military and Veterans Code.

**HISTORY**

1. New section filed 10-30-2000 as an emergency; operative 10-30-2000 (Register 2000, No. 44). A Certificate of Compliance must be transmitted to OAL by 2-27-2001 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 10-30-2000 order, including further amendment of subsections (c)-(e), transmitted to OAL 2-23-2001 and filed 4-6-2001 (Register 2001, No. 14).

**§ 302.2. Property Appraisal.**

(a) Before the purchase of any property by the Department, there shall be filed with the Department an appraisal of the market value of the property according to established appraisal principles and pursuant to Department procedures as stated in the Farm and Home Purchases Division Operations Manual, Chapter 4, dated February, 2001, which are incorporated by reference.

(b) The appraisal will be performed by an employee or authorized agent of the Department on a panel of fee appraisers who have been interviewed by Department staff and trained through the Department in Cal-Vet appraisal procedures. All appraisers other than Department employees must be licensed to perform residential appraisals by the California Office of Real Estate Appraisers (OREA). However, appraisals by authorized appraisers of a banking corporation formed under the laws of this state or of a national banking association having a place of business in this state may be accepted and USDVA and FHA appraisals may also be accepted if: (1) the appraisals were performed within 60 days of application; and (2) the appraisals must be reviewed by a Cal-Vet representative for accuracy and completeness. Any questionable reports will be returned to the appraiser for correction or explanation. All appraisals shall be certified by the maker thereof. The certification shall state that it is made in good faith, and that the valuation is honestly determined and represents the bona fide opinion of the maker.

(c) On those applications that will not be receiving a USDVA guaranty, the Department shall select the method of appraisal (Department agent, fee panel, or other form of appraisal). The applicant may elect to have the appraisal ordered prior to a credit and/or eligibility review with

the understanding that they are still responsible for the appraisal fee even if their application is declined.

(d) On existing homes, appraisals shall be ordered upon initial eligibility and credit approval unless the purchaser elects to have an appraisal performed earlier. On new construction, appraisals shall be ordered no more than 45 days prior to the estimated completion date.

(e) The Department shall assure that there are sufficient state-licensed real estate appraisers on its fee panels to process application volume in a timely fashion. The Department shall recruit panel members through its application process and by providing notice of its recruitment efforts to professional appraisal associations.

(f) In the case of loans receiving guarantees through the USDVA, appraisals shall be assigned by the USDVA in accordance with USDVA requirements.

(g) All appraisals are for the benefit of the Department only, to determine the adequacy of the subject real property as sufficient security for the loan. Such appraisals are not intended to warrant the condition or value of the property to any other purchaser or prospective Cal-Vet contract holder. Such appraisals are not a representation to the veteran as to the desirability, suitability, condition or actual value of the subject real property, such determinations being entirely the responsibility of the veteran purchaser.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.59 and 987.67, Military and Veterans Code.

**HISTORY**

1. New section filed 10-30-2000 as an emergency; operative 10-30-2000 (Register 2000, No. 44). A Certificate of Compliance must be transmitted to OAL by 2-27-2001 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 10-30-2000 order, including further amendment of subsection (a) and new subsection (g), transmitted to OAL 2-23-2001 and filed 4-6-2001 (Register 2001, No. 14).

**§ 302.3. Application by Department Employee.**

(a) Any eligible veteran Department employee may submit a loan application under the following conditions:

- (1) The employee must meet the same eligibility, credit and property standards as any other veteran applicant.
- (2) The employee shall not be involved in the processing or approval of the application.

(3) The Department shall not consummate a loan to an employee of the Department without prior review of the application and sign-off by the Department Secretary or designee, which shall occur within fourteen days of the receipt of the employee's application.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.59, Military and Veterans Code.

**HISTORY**

1. New section filed 10-30-2000 as an emergency; operative 10-30-2000 (Register 2000, No. 44). A Certificate of Compliance must be transmitted to OAL by 2-27-2001 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 10-30-2000 order transmitted to OAL 2-23-2001 and filed 4-6-2001 (Register 2001, No. 14).

**§ 303. Other Documents or Evidence.**

(a) An application shall be accompanied by or shall include such other documents or evidence as the Division may prescribe or require from time to time, including, but not limited to, the originals or certified copies of all pertinent military service or separation documents, showing inclusive dates of service, honorable discharge or release from active duty under honorable conditions.

(b) The applicant shall be required to submit supplemental documentation of an evidentiary nature (e.g. extension agreements, special orders, copies of awards or citations) to substantiate discharge or separation documents if such documentation is necessary to determine eligibility for Cal-Vet benefits.

(c) An application shall not be processed until the application and all other documents and evidence required by the Division are completed and on file in the Division's office having jurisdiction over the area in which the farm or home is located.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980, 987.56 and 987.59, Military and Veterans Code.

#### HISTORY

1. Amendment filed 12-9-91; operative 1-8-92 (Register 92, No. 9).
2. Amendment of subsection (a) filed 3-26-93; operative 4-26-93 (Register 93, No. 13).

### § 304. Wounded or Disabled Veterans.

Whenever a special benefit or consideration is conferred by statute on a veteran who was wounded or disabled as a result of military service, documentary evidence of such wound or disability shall be required. The fact of having been wounded shall be evidenced by appropriate entries in military service or separation documents. A service-connected or wartime disability shall be evidenced by appropriate entries in military service or separation documents, and by a disability rating of at least 10% by the United States Veterans Administration or by the appropriate military department. Any such wound or disability must have been incurred during the period of active military service which qualifies the applicant for the farm or home loan.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.56 and 987.57, Military and Veterans Code.

### § 305. Other Periods of Service.

Whenever a special benefit or consideration is conferred by statute for two or more separate periods of service, each such period of service must have occurred during a separate qualifying "war" period as prescribed by statute and must meet all other statutory requirements therefor. However, a less than honorable discharge, or a release from active duty under less than honorable conditions, or a benefit, bonus, or compensation from another state received for any such period of service will not necessarily disqualify an applicant from eligibility under another such period of service.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980 and 987.56, Military and Veterans Code.

#### § 305.1. Subsequent Loan Benefit; Enlisted Personnel.

(a) An "overnight reenlistment" into military service qualifies as a separate period of service. For purposes of this section, an "overnight reenlistment" is defined as an event wherein a veteran is discharged on one day and reenlists in military service the following day with no intent of resuming civilian life.

(b) A veteran, as defined in Section 980 of the Military and Veterans Code, who served during more than one qualifying war period, as specified in Section 980 (World War II, Korea, Vietnam, Operation Desert Shield or Operation Desert Storm) shall be granted a subsequent opportunity to purchase a property under the Cal-Vet loan program if the qualifying war periods were served during different periods of enlistment, even if there was no distinct break between enlistments ("overnight reenlistment"). Only one Cal-Vet loan shall be granted for service during any one qualifying war period, and only one Cal-Vet loan shall be granted per period of enlistment.

(c) A veteran, as defined in Section 980 of the Military and Veterans Code, who served during a qualifying war period, as specified in Section 980 (World War II, Korea, Vietnam, Operation Desert Shield, or Operation Desert Storm) under one period of enlistment, and who, during a subsequent reenlistment served in a campaign or expedition, at any time, for service in which a medal has been authorized by the federal government, shall be granted a subsequent opportunity to purchase property under the Cal-Vet loan program even if there was no distinct break between enlistments ("overnight reenlistment"). Only one Cal-Vet loan shall be granted for service during any one qualifying war period, campaign, or expedition, and only one Cal-Vet loan shall be granted per period of enlistment.

(d) The first Cal-Vet loan must be sold, or the veteran's interest must have been divested through divorce or dissolution of marriage, and the contract paid in full before the veteran may obtain a subsequent loan and the veteran must be qualified under the federal restrictions on the uses of tax-exempt bonds at the time the subsequent loan is funded.

(e) If the veteran has dual eligibility (qualifies for veteran status under two qualifying war periods), then the previous Cal-Vet loan must have been paid in full, but the property need not be sold.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980, 987.86(a), 987.86(b), 987.86(c) and 987.86(d), Military and Veterans Code; 26 United States Code Annotated, Section 143 and 56, Ops.Atty.Gen. 294, 6-27-73.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).
2. Change without regulatory effect amending subsection (d), new subsection (e) and amendment of NOTE filed 12-2-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 49).

### § 305.2. Subsequent Loan Benefit; Career Officer.

(a) A career officer, qualified as a veteran as defined in Section 980 of the Military and Veterans Code, shall be granted a subsequent opportunity to purchase property under the Cal-Vet loan program for service during more than one qualifying war period. An officer shall qualify for a subsequent loan for service if the officer served in a campaign or expedition, at any time for which a medal has been authorized by the federal government. Only one loan shall be granted during any one qualifying war period, therefore, the service in a campaign or expedition must have occurred outside of the qualifying war periods.

(b) The first Cal-Vet loan must be sold, or the veteran's interest must have been divested through divorce or dissolution of marriage, and the contract paid in full before the veteran may obtain a subsequent loan and the veteran must be qualified under the federal restrictions on the uses of tax-exempt bonds at the time the subsequent loan is funded.

(c) If the veteran has dual eligibility (qualifies for veteran status under two qualifying war periods), then the previous Cal-Vet loan must have been paid in full, but the property need not be sold.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980, 987.52, 987.86(a), 987.86(b), 987.86(c) and 987.86(d), Military and Veterans Code; and 26 United States Code Annotated, Section 143.

#### HISTORY

1. New section filed 12-9-91; operative 1-8-92 (Register 92, No. 9).
2. Repealer of subsection (b) and subsection relettering filed 3-26-93; operative 4-26-93 (Register 93, No. 13).
3. Change without regulatory effect amending subsection (b), new subsection (c) and amendment of NOTE filed 12-2-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 49).

### § 309. Credit Review and Evaluation.

All applications for Cal-Vet loans shall be subject to the Department's credit review and evaluation prior to the Department's decision to approve or disapprove making a loan. The Department's review and evaluation of an applicant's creditworthiness shall consist of an analysis of the applicant's assets, income and income potential to meet the expenses of home ownership and other living costs. No single factor shall be the sole basis by which the applicant's creditworthiness is evaluated. The Department shall use the following factors to evaluate the applicant's financial status:

- (a) Credit Reports as set forth in Sections 309.1 and 309.2.
- (b) Consideration of Bankruptcies as set forth in Section 309.4.
- (c) Analysis of Income/Expense as set forth in Sections 309.5 and 309.6.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

#### § 309.1. Credit References and Income.

Lack of a credit history shall not prevent an applicant from getting a Cal-Vet loan. However, the Department shall deny an application for a loan if an applicant's credit references give adverse reports and the applicant has a balance available for family support which is less than forty percent (40%) of adjusted gross income. If credit references give positive reports, and the applicant has a balance available for family support which is less than forty percent (40%) of adjusted gross income, then the Department shall use the factors mentioned in section 309.5(d) to make the loan decision. "Total gross income" is defined as the total monthly

monetary income or salary of the applicant. "Adjusted gross income" is defined as total gross income less payroll deductions from income as indicated on the applicant's payroll check (i.e. federal and state taxes; retirement and/or social security; deferred compensation; charitable contributions; job-related expenses). "Balance available for family support" means the applicant's adjusted gross income minus the estimated monthly payment on the Cal-Vet loan, and minus monthly payments for debts and obligations not necessary for family support, such as, boat, motorhome or vacation home loans.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### § 309.2. Credit Reports.

The Department shall obtain credit reports on all applicants applying for loans on single family homes, condominiums, farms, mobile homes, construction loans, conditional commitment loans, deferred principal payment loans, loan transfers, second loans, assignments of existing contracts, home improvement loans, and purchases of repossessions which will be under a Cal-Vet loan contract. Credit reports shall be ordered on both veteran and non-veteran applicants. A credit report shall be ordered on the applicant and spouse, if married. The Department may charge a fee to cover the cost of the credit report, which may be included in the Loan Origination Fee. The Department shall notify the applicant of any adverse credit reports. If the applicant disagrees with the information contained in the credit report, the Department shall refer the applicant to the credit reporting agency. The Department shall hold the loan application for thirty (30) days, from the date the Department refers the applicant to the credit reporting agency, while the applicant is pursuing any disagreement with the credit reporting agency.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).
2. Amendment filed 4-6-98; operative 5-6-98 (Register 98, No. 15).
3. Amendment filed 10-30-2000 as an emergency; operative 10-30-2000 (Register 2000, No. 44). A Certificate of Compliance must be transmitted to OAL by 2-27-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 10-30-2000 order transmitted to OAL 2-23-2001 and filed 4-6-2001 (Register 2001, No. 14).

### § 309.3. Loans Denied.

Each applicant denied a loan shall receive a statement of specific reasons for such action from the Department. The statement of reasons shall be confirmed in writing within thirty (30) days from the receipt of the complete loan application package from the applicant. The Department shall inform any applicant who is denied a loan, based on information in the credit report, that the Department shall consider a new loan application after a credit history has been established for a period of at least six (6) months following the date of original submission of the denied application.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### § 309.4. Consideration of Bankruptcies.

(a) An applicant who has previously been adjudged bankrupt and whose debts have been discharged in bankruptcy under Chapters 7 or 13 of the Bankruptcy Act (Title 11, U.S.C.A., Sections 701 - 766 or Sections 1301 - 1330) shall not be refused a loan for this reason. If the applicant has sufficient income and assets and has re-established credit, the Department shall grant the applicant a loan. "Sufficient income and assets" is defined as income and assets such that the balance available for family support is equal to or greater than forty percent (40%) of adjusted gross income as defined in Section 309.1 above.

(b) An applicant, who has been adjudged bankrupt under Chapter 7 of the Bankruptcy Act, shall be considered as having re-established satis-

factory credit when the applicant's latest credit report shows at least one creditor that is being paid as agreed over a period of at least six months. If there is more than one creditor showing on the credit report, then all creditors shall show paid as agreed over a period of at least six months.

(c) An applicant, who has been adjudged bankrupt under Chapter 13 of the Bankruptcy Act, shall be considered as having re-established satisfactory credit when the applicant has satisfactorily completed all payments under the Chapter 13 plan. However, when the applicant has not yet completed the plan, then the Department shall inquire of the Trustee as to whether the payments to the Trustee have been made in the manner prescribed by the Bankruptcy Court in order to establish the applicant's creditworthiness. In the case of a Chapter 13 filing, written approval from the Trustee shall be received by the Department before a loan may be granted, which is in accord with Title 11, U.S.C.A., Section 364(a) and (b).

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### § 309.5. Financial Information Requirements.

The applicant shall submit all relevant information described below:

- (a) Applicant's occupation and spouse's occupation (if any).
- (b) Number of years at present employment for the veteran and spouse (as appropriate). The number of years at present employment is used in considering the stability of the veteran's (and spouse's) income stream. Income shall not be considered stable when the employee has less than six (6) months with the same employer, unless there is other recent employment in the same or a similar field.
- (c) Debts and obligations, including child support or spousal support, and any proposed secondary loans as described in Section 341.
- (d) All income including:
  - (1) Gross salary and wages of the applicant and spouse;
  - (2) Interest on savings accounts and other investments which shall still exist after a Cal-Vet loan is made;
  - (3) Dividends from stock or credit union deposits which shall still exist after a Cal-Vet loan is made;
  - (4) Return on long-term personal notes and deeds of trust;
  - (5) Child or spousal support;
  - (6) Net income from real estate investments or business enterprises;
  - (7) Veteran's disability payments;
  - (8) Social security benefits and income from public assistance programs; Retirement income;
  - (9) Monetary gifts from friends or relatives;
  - (10) Income from military reserves or National Guard;

(11) Income from part-time or second jobs shall be considered when employment verifications indicate continued employment is likely, so long as the applicant has worked at the job for at least six (6) months.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### § 309.6. Income Verification and Reliability.

The income of all applicants applying for Cal-Vet loans shall be confirmed by: 1) verifying employment status with current employer; or 2) relevant information that specifies the applicant's income (for example, retired annuitant statements, or dividend and interest income statements). The Department shall give equal consideration to both the income of the applicant and the income of the spouse. There shall be no discounting of income because of sex. Income claimed by the applicant which cannot be verified shall not be considered in the income analysis. Employment verifications over six (6) months old shall not be considered valid. The following are particular requirements for other income situations:

(a) Recently discharged veterans: Unless the veteran is returning to the same or similar job held at time of service entry, the veteran shall be held to the six (6) months employment requirement as set forth in Section 309.5(b). Similar pre-military experience or training, or work performed

while on active duty, in the same or a similar field as the applicant's current job, shall be considered to establish job stability. If the veteran has some related training or experience and the employer rates the job as permanent, then the veteran's full income from the present job shall be used even if there is less than six months job experience.

(b) Self employment: The applicant shall submit a 12 month year-to-date (of application) profit-and-loss statement plus copies of federal income tax returns for the two most recent tax years.

(c) Seasonal Employment: Applicants with seasonal employment due to weather or economic conditions shall submit a statement of earnings for the year-to-date of submission of the application plus copies of W-2 forms for the two most recent tax years.

(d) Commissions: When more than 50% of the applicant's income is derived from commissions, the applicant shall submit written verification of the actual amount of commission payments received over the last

[The next page is 7.]

12 months, if possible, and in any case over the period of at least six (6) months prior to submission of the application.

(e) Union Employment: Applicants who work out of a union shall submit copies of W-2 forms for the two most recent tax years plus a current verification of employment including the current year's year-to-date earnings.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.56, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### **§ 310. Deferred Principal Payment Loan Program.**

(a) The Department shall consider applicants, who are California veterans as defined in Section 980 of the Military and Veterans Code, for the Department's Deferred Principal Payment Program ("Program") if:

(1) the applicant has sufficient income and assets as defined in Section 309.4(a) to make interest-only monthly payments to purchase the home selected, and

(2) the applicant's income can reasonably be expected to increase sufficiently within a five year period to make the transition to fully amortized principal and interest payments.

(b) The forecast for increases in income shall be based on upgrading of job/pay level and not merely on increases in income resulting from cost of living adjustments.

(c) Under the Program, the veteran shall be allowed to make interest only payments for a period of up to five (5) years.

(d) The initial deferment period shall be two years.

(e) Reviews of the veteran's income status shall be performed biennially by the Department during the deferred principal payment interval. If during the review the Department determines that the veteran has sufficient income and assets as defined in Section 309.4(a) to make fully amortized payments, the deferred principal payment shall be converted (increased) to a principal and interest payment that will amortize the loan.

(f) A loan with deferment of principal payment shall be granted only after the Department has determined that the applicant's credit is acceptable in accordance with Sections 309.1.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.56 and 987.71, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

#### **§ 310.1. Limitations.**

The maximum principal payment deferment period shall be five (5) years and the total loan contract term cannot exceed forty (40) years. The other limitations are as follows:

(a) Subsequent deferment periods shall not exceed two (2) years, with cumulative deferment periods being less than, or equal to, five (5) years.

(b) In order to obtain a subsequent deferment the applicant shall submit a request in writing to the Department at least forty-five (45) days prior to expiration of the previous deferment. Granting a subsequent deferment shall not be automatic, but shall be granted based on current analysis of applicant's income position.

(c) Applicants who qualify for normal amortized loan payments shall not be eligible for the Program.

(d) Applicants applying for a farm loan shall not be eligible for participation in the Program.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.56 and 987.71, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

#### **§ 310.2. Restrictions.**

The following restrictions apply to the Deferred Principal Payment Program:

(a) Applications for the Department's consent to encumber or improve, or home improvement loans as described in Section 341 shall not

be granted while a veteran is participating in the Program, unless the encumbrance or improvement is necessary to protect the Department's interest in the property or where the property is participating in a recognized redevelopment program.

(b) Loan term extensions shall not be granted while a veteran is participating in the Program except in cases where the veteran needs the extension to afford staying in the home. Veterans shall submit a letter to the Department requesting an extension. The Department shall review the case and the veteran's current financial status in making the decision to approve or disapprove the extension.

(c) Disability insurance payments shall be limited to the initial amount of the monthly installment under the Program. If the veteran is on disability when the deferment period expires and the Department adjusts the monthly installment to the full principal and interest payment, the additional amount must be paid by the veteran.

(d) Veterans who become married shall not be allowed to remain in the Program if the spouse is employed and the combined monthly incomes are sufficient to meet principal plus interest loan payments.

(e) Loan transfers shall not be permitted while the veteran is participating in the Program.

(f) Occupancy waivers or permission to rent shall not be granted except in those cases where the veteran is in an active military service position which requires the veteran and the veteran's family to temporarily relocate.

(g) Non-veteran spouses to whom the Cal-Vet property is awarded in dissolution of marriage or legal separation proceedings, shall be allowed to continue in the Program so long as they meet the criteria set forth in Section 310(a)(1) and (2). However, if the spouse is not qualified for the non-veteran spouse benefit as described in Section 987.721 of the Military and Veterans Code, then the interest-only payment shall be increased to reflect the non-veteran rate of interest as set forth in Section 342(c). The interest rate shall be placed in effect as of the date the property is awarded to the non-veteran spouse.

(h) A subsequent opportunity to purchase another farm or home using Cal-Vet financing shall not be granted while the veteran is participating in the Program. A subsequent opportunity for a loan may be granted under Section 987.86 of the Military and Veterans Code if the veteran elects to withdraw from the Program or when the five-year term has expired.

(i) Canceled loan contracts shall not be reinstated by the Department unless the amount of delinquency is paid in full.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.56, 987.71, 987.721 and 987.73, Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

## **Subchapter 2. Property and Title Requirements**

### **§ 320. Property Not Suitable.**

Homes to be used primarily for rental or income purposes or as "vacation" or "weekend" homes and properties located outside the State of California are not suitable for purchase.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.53(b), Military and Veterans Code.

### **§ 322. Conditions, Encumbrances, and Liens.**

Unless expressly accepted in writing by the Division, all conditions, encumbrances, and liens, whether of record or not, must be cleared prior to purchase by the Department. Each property must have a year-round access and water supply which, in the opinion of the Division, will be adequate and sufficient for its intended use as a farm or home.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.60(a) and 987.68, Military and Veterans Code.

## Subchapter 3. Contract and Other Terms

### § 341. Secondary Financing.

Secondary financing (from other sources) may be permitted in connection with the purchase of a farm or home, or a veteran may be permitted to encumber (borrow on equity) an existing Cal-Vet farm or home, if, in the opinion of the Division of Farm and Home Purchases, the veteran is financially able to pay the additional indebtedness without jeopardizing payment of the Cal-Vet loan installments, and the value of the farm or home is sufficient to secure the Cal-Vet loan and the additional indebtedness with an adequate security margin. The Department's interest in the farm or home must be prior and senior to any such encumbrance, and application for the Department's consent to encumber must be made in writing and approved prior to the recording of any security instrument for any such encumbrance.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.73, Military and Veterans Code.

### § 342. Assignments or Assumptions.

The Department will give its consent to an assignment or assumption of a Cal-Vet loan only in the following instances:

- (a) To another qualified veteran;
- (b) To the veteran and spouse, and no other party or parties, in joint tenancy, tenancy in common, or as community property;
- (c) To a non-veteran spouse to whom the entire interest in the Cal-Vet loan property is awarded in a dissolution of marriage, legal separation, or nullity proceeding; provided, however, that where such non-veteran spouse is not eligible to assume the loan at the interest rate prescribed for veterans, a higher interest rate shall be charged as fixed by the Department from time to time; or
- (d) To eligible heirs, devisees, or personal representatives. The Department will not give its consent to any other assignments or assumptions, and as to any such assignments or assumptions made or taken without the Department's consent the interest thereon shall be fixed at such higher rate as the Department may determine from time to time, without prejudice to the Department's exercise of any other rights or remedies for unconsented assignments or transfers.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.72, 987.721, 987.73, and 987.82, Military and Veterans Code.

### § 343. Occupancy Requirement.

The requirement that the veteran or members of the veteran's immediate family must occupy the Cal-Vet loan property means that the veteran or family must actually reside in or on the property and maintain it as their principal place of residence. For purposes of this section, "principal place of residence" shall mean the place where one actually lives for the greater part of time, or the place where one remains when not called elsewhere for some special or temporary purpose and to which one returns frequently and periodically, as from work or vacation. There may be only one "principal place of residence," and where more than one residence is maintained or owned, the burden shall be on the veteran to show that the Cal-Vet farm or home is the principal place of residence.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.60(b) and 987.74, Military and Veterans Code.

#### § 343.1. Occupancy Waiver; Policy

(a) The occupancy waiver shall apply to all contract purchasers, including veterans and non-veterans alike. Any case which does not meet departmental policy as specified below in Section 343.1(b) must be approved in writing by the Regional Manager.

(b) Upon showing good cause, a waiver of occupancy shall be granted on a year-to-year basis, or other lesser period at the discretion of the Department.

Good cause shall be deemed to exist when:

(1) The contract purchaser temporarily moves to another location for the convenience of the contract purchaser's employer, or to accept other employment; or

(2) The illness of the contract purchaser or a member of the contract purchaser's immediate family as defined in Military and Veterans Code Section 987.53 temporarily requires a move to another location; or

(3) The contract purchaser reenters the active military, naval, or air service, and the waiver shall be effective for the period of such service and for ninety (90) days beyond the period of such service to reoccupy the property; or

(4) The contract purchaser temporarily moves to another location to attend an educational institution which must be situated outside a 75 mile radius of the residence and the educational institution; or

(5) The State Department of Health Services determines that health hazards on the farm, home, or mobilehome property or adjacent property render the farm, home, or mobilehome unsuitable for occupancy in which case the waiver shall be effective for as long as those conditions exist; or

(6) The contract purchaser has experienced, suffered, or is threatened with a series of events or occurrences which, in the sole discretion of the Department, render the property unsuitable for occupancy or make it impractical for the contract purchaser to occupy the property in which case the waiver shall be effective for as long as the events or occurrences exist; or

(7) The contract purchaser lists the property for sale on the open market at a fair market price and makes reasonable attempts to consummate the sale of the property.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 980, 987.53, 987.57, 987.62, 987.63 and 987.721, Military and Veterans Code.

#### HISTORY

1. New section filed 8-24-94; operative 9-23-94 (Register 94, No. 34).
2. Editorial correction amending subsection (b)(4) (Register 94, No. 42).

### § 344. Default and Foreclosure.

If a contract holder fails to comply with any of the terms of the Cal-Vet loan contract, the Department may cancel the contract and thereby terminate the interests of the contract holder and any and all junior lienholders. Upon cancellation, all payments theretofore made by or on behalf of the contract holder shall be deemed to be rental paid for occupancy, and thereafter any occupants of the Cal-Vet loan property shall be deemed to be tenants at will. As used herein, "junior lienholder" means any entity or person who claims an interest through the purchaser and who holds a security interest of record in Cal-Vet loan property under a mortgage or deed of trust, or who holds any other kind of lien or charge of record against the property, whether with or without the consent of the Department.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.5 and 987.77, Military and Veterans Code.

#### HISTORY

1. New section filed 4-4-88; operative 5-4-88 (Register 88, No. 17).

#### § 344.1. Notice of Intent to Cancel.

Before cancelling a contract, the Department will give 30 days' written notice of its intent to cancel to the contract holder and to any junior lienholders for whom it has given its written consent to encumber. The notice shall be given by certified or registered mail, return-receipt requested, or by first-class mail, or by personal service, as deemed appropriate by the Department, to or at the last known address of contract holder or junior lienholder as shown in the Department's contract file. The contract holder and all junior lienholders are responsible for keeping the Department informed by actual written notice to the Department of the proper address to which notices are to be sent. The notice shall be effective upon mailing, or upon actual service if given by personal service, and the default must be cured within 30 days thereafter to avoid cancellation.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.1(a), 987.5, 987.73(a) and 987.77, Military and Veterans Code.

#### HISTORY

1. New section filed 4-4-88; operative 5-4-88 (Register 88, No. 17).

2. Editorial correction (Register 97, No. 20).

#### § 344.2. Notice to Other Lienholders.

At the time of the issuance of a notice of intent to cancel a contract, the Department may order from a title insurance company a litigation guarantee or similar title report showing the status of record title to the property which is the subject of the contract in default. If the Department decides to cancel the contract, the Department shall then give notice in writing to all junior lienholders shown in the report that it intends to cancel the contract and that they shall have 30 days in which to begin foreclosure or other action necessary to protect their junior lien or security interest in the property. The notice shall be given by certified or registered mail, return-receipt requested, or by first-class mail, or by personal service, as deemed appropriate by the Department, to or at the addresses shown in the report, and shall be effective upon mailing, or upon actual service if given by personal service.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.5 and 987.77, Military and Veterans Code.

##### HISTORY

1. New section filed 4-4-88; operative 5-4-88 (Register 88, No. 17).

#### § 344.3. Alternatives of Junior Lienholders.

At the sole option of the Department, junior lienholders shall have one of three alternatives upon issuance of a notice of intent to cancel contract.

(a) The junior lienholder may cure the default, bring the contract holder's account current by paying any arrearages (including all costs of the Department associated with the giving of the necessary notices) to the Department, and keep the account current during the foreclosure or other proceeding necessary to protect the junior lienholder's interest. Any and all amounts so paid may be added to the contract holder's secured indebtedness to the junior lienholder. The junior lienholder shall commence and complete such proceeding as quickly as permitted by law, and the holder of the junior interest in the property upon completion of the proceeding shall have 30 days thereafter in which to pay the Department in full. Upon such payment, and upon the Department's verification that the proceeding was regular on its face, the Department will issue its deed to the holder of the junior interest.

(b) The Department and the junior lienholder may agree to complete their respective foreclosure or similar proceedings and offer the property for a cash sale jointly. In such event, only the Department may accept an offer, and the junior lienholder may not act on the Department's behalf nor bind the Department in any way to act in any particular manner. Upon a sale for all cash, the proceeds shall be applied in the following order of priority: (1) costs of sale; (2) the Department's demand, including its costs; and (3) the junior lienholder's demand, including its costs, up to the extend of the remaining proceeds. Any excess proceeds remaining after these disbursements may be divided between the Department and the junior lienholder pursuant to their agreement, but in no event shall the Department agree to receive nor actually receive less than its pro rata share based upon the respective interest of the parties, and in no case less than 50% of the proceeds.

(c) The Department may give notice to the junior lienholder that it will complete its own foreclosure or other proceeding and sell the property unilaterally, in which case the Department will pay the junior lienholder its interest in full, including principal, interest, and applicable advances and expenses, within 30 days after the Department's sale of the property or within six (6) months after the date of such notice, whichever is earlier. Upon such payment, the junior lienholder shall deliver its deed of reconveyance or similar lien release to the Department forthwith.

The Department shall include in its notice of intent a requirement that a junior lienholder respond in writing within 30 days, or as otherwise instructed by the Department, stating its interest in the property, the amount thereof, and the preferred alternative. Upon receipt of such response, the Department will notify the junior lienholder of the permitted alternative.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.6 and 987.78, Military and Veterans Code.

##### HISTORY

1. New section filed 4-4-88; operative 5-4-88 (Register 88, No. 17).

#### § 344.4. Consequences of Failure to Respond or Otherwise Act.

Failure of junior lienholders to respond or otherwise act within any of the periods prescribed by Sections 344.1, 344.2, and 344.3, above, shall result in termination and forfeiture of their interest or interests in the property.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 987.5, 987.6, 987.77 and 987.78, Military and Veterans Code.

##### HISTORY

1. New section filed 4-4-88; operative 5-4-88 (Register 88, No. 17).

#### § 344.5. Reliance by Title Insurance Companies.

Upon the giving of the notices prescribed by Sections 344.1, 344.2, and 344.3, above, and the failure of the contract holder and junior lienholders to respond or otherwise act within the times permitted, the Department may provide a statement to one or more title insurance companies certifying that the notices were duly given as prescribed and that the contract holder and junior lienholders failed to respond. The statement may be provided separately or may be included in a notice of cancellation of contract recorded in the county in which the property is located, and the statement may be relied upon for the purpose of issuing a policy of title insurance free and clear of any claimed interests of the contract holder and non-responding junior lienholders.

NOTE: Authority cited: Sections 700, Military and Veterans Code. Reference: Sections 987.5, 987.6, 987.77 and 987.78, Military and Veterans Code.

##### HISTORY

1. New section filed 4-4-88; operative 5-4-88 (Register 88, No. 17).

#### § 345. Sale of Repossessions.

(a) The Department shall offer repossessed properties for sale at market value as determined by the Department, and shall sell repossessed properties to the highest qualified bidder. The "highest qualified bidder" is defined as the person who submits the highest acceptable offer, as described in Section 345.3(d), for the property and whose financial status would not justify the denial of a loan under Section 309.1.

(b) This regulation and those that follow in Sections 345.1 – 345.7 do not apply to repossessed properties located on Indian Trust Land as referred to in Sections 987.78(c) through 987.78(e) of the Military and Veterans Code.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51 and 987.78, Military and Veterans Code.

##### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

#### § 345.1. Advertisement of Sales.

(a) For each repossessed Cal-Vet property, a "for sale" advertisement shall appear in local newspapers covering the area where the property is located. The Department's advertisement shall appear in the newspapers for a period of at least fourteen days. The advertisement shall specify the location of the property, a brief description, its estimated value, and shall summarize the procedures for a potential buyer to purchase or submit a bid on the property and the qualifications the potential buyer is required to meet as well as the deadline date for "sealed offer" (bid) submission.

(b) A description of the property for sale shall be available in the public area of the district office serving the community in which the property is located.

(c) A "For Sale" sign shall demarcate the Cal-Vet property unless, in the opinion of the district office, to do so would subject the property to vandalism.

(d) Local veterans organizations shall receive information on repossessed properties offered for sale if these organizations have previously submitted, to the Division Of Farm and Home Purchases, a written request for such information.

(e) In order to continue receiving repossessed property information from the Department, veterans organizations shall renew their request each year by submitting a letter to the Department's Division Of Farm and Home Purchases.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51 and 987.78(a) and (b), Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).
2. Change without regulatory effect repealing subsection (f) filed 4-28-98 pursuant to section 100, title 1, California Code of Regulations (Register 98, No. 18).

### **§ 345.2. Sealed Offer Requirements.**

(a) Bidders shall submit an offer (bid) on a repossessed property in writing, in a sealed envelope, to the Division Of Farm and Home Purchases district office serving the area where the property is located. The envelope shall have on its outside only the local address of the property and the words "Sealed Offer" printed thereon. No other marks shall be permitted.

(b) If the offer is being mailed, then the bidder shall place the offer envelope inside of the mailing envelope.

(c) The offer shall specify the bid price, the property address, the name of the bidder, the bidder's address, plus any terms and conditions proposed if the bid price is less than an offer to purchase for the full cash value.

(d) The bidder shall personally sign the sealed offer.

(e) If an offer is accepted from a bidder who is a veteran as defined in Section 980 of the Military and Veterans Code, that bidder shall pay a minimum down payment of 3% of the price offered for properties valued up to \$60,000, or a minimum down payment of 5% of the price offered on all properties valued over \$60,000. All other accepted bidders shall pay a minimum ten percent (10%) down payment.

(f) The bidder shall submit a down payment in the form of a cashier's or certified check or money order to the district office within 14 days from the date of the district office's written "Offer Acceptance and Request For Down Payment" letter.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51, 987.71 and 987.78(a), Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).
2. Change without regulatory effect amending subsection (e) filed 12-2-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 49).

### **§ 345.3. Sealed Offer Opening.**

(a) The district office shall hold all sealed offers unopened until five days after the deadline date specified in the fourteen-day advertisement as set forth in Section 345.1. The district office shall not accept any sealed offer for consideration which is not postmarked or received by the close of business on the deadline date.

(b) The district office shall open all sealed offers on the same day.

(c) If no cash offer at or above market value is received, then the district office shall select the bid offering the best overall terms and price.

(d) If no acceptable offers are received, then the district office shall have the right to reject any and all offers. An offer is acceptable only if all of the following requirements are met:

(1) The offer is postmarked, or received by the Department, by the deadline date specified in the advertisement referred to in Section 345.1;

(2) The offer specifies the location of the property to be purchased, the bidder's name and mailing address;

(3) The bid price offered is specified. If the offer is for less than a bid to purchase for the full cash value, then the offer shall specify the terms and conditions of purchase;

(4) The offer document is signed by the bidder.

(e) The district office shall notify all rejected bidders within ten days after the sealed offer opening.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51 and 987.78(a), Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### **§ 345.4. Offer Acceptance; Preferences.**

(a) When the district office accepts an offer, the district office shall notify the bidder by sending an "Offer Acceptance and Request For Down Payment" letter as soon as possible so that the sale process can begin. If for any reason the bidder fails to complete the purchase transaction, then the next highest acceptable offer (bid) shall be selected. In the case of a tie in the acceptable offers received, the district office shall give preference to bidders in the following order:

(1) Veterans as defined in section 980 of the California Military and Veterans Code;

(2) Any other person serving in or honorably discharged from the United States armed forces;

(3) Any person who is a first-time home buyer;

(4) Any other person;

(5) Department employee.

(b) First-time home buyers are defined as persons who have had no present ownership interest in their principal residences at any time during the 3-year period ending on the date their mortgage on the repossessed property is executed.

(c) In cases where the highest acceptable offer on a repossessed property is for an amount below market value, then the final offer acceptance decision shall be made by the Division of Farm and Home Purchases and not the district office. The Division shall consider the following in making the final decision:

(1) The annual gains or losses to the Department due to the repossession activity;

(2) The condition of the property; and

(3) Current real estate market conditions.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51, 987.78(a) and 987.78(b), Military and Veterans Code; and Section 143(d)(1), Title 26, United States Code Annotated.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### **§ 345.5. No Acceptable Offers Received.**

If no acceptable offers are received in the district office by the deadline date specified in the fourteen day advertisement, then the property may be sold by the district office to such persons upon such terms and conditions as shall be in the best interest of the Department.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51 and 987.78(a), Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### **§ 345.6. Amounts to Be Financed on Repossessed Properties.**

(a) In cases where the Department's financing is requested, the amount financed shall not exceed the maximum purchase prices specified in Section 987.65 of the Military and Veterans Code.

(b) A purchaser of a repossessed property that has a value higher than the maximum purchase prices referred to in (a) above, must either provide cash to cover the difference between the sale price of the property and the maximum purchase price, or obtain secondary financing as described in Section 341.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 985.2, 987.6, 987.51 and 987.78(a) Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).

### **§ 345.7. Sales to Employees.**

(a) The district office shall only accept offers from Department employees under the following conditions:

(1) The employee submits an offer that is for a higher dollar amount than all other acceptable offers received;

(2) The employee's financial status would not justify the denial of a loan under Section 309.1.

(b) The Department shall not consummate the sale of any repossessed property to an employee of the Department without the prior review of

all acceptable offers and a sign-off by the Secretary, which shall occur within fourteen days of the receipt of the employee's application.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 74, 985.2, 987.6, 987.51 and 987.78(a), Military and Veterans Code.

#### HISTORY

1. New section filed 11-12-91; operative 12-12-91 (Register 92, No. 7).
2. Change without regulatory effect amending subsection (b) and Note filed 12-2-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 49).

## Subchapter 4. Insurance

### § 360. Fire and Hazard Insurance.

All properties purchased by the Department must be insured against fire and other hazards for the full replacement cost of the improvements or structures thereon. The insurance must be in such minimum amount and placed with such company or companies as the Department may determine from time to time, except that condominium units may be insured under a master insurance policy covering the entire project and veterans must make their own arrangements, subject to the approval of the Department, for insurance on mobile homes.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 987.74, Military and Veterans Code.

## Subchapter 5. Disaster Indemnity

### § 370. Disaster Indemnity Coverage.

The Department's Disaster Indemnity Fund covers the costs of repairing structural damage to permanent improvements on Cal-Vet properties caused by named perils set forth in Section 989.4 of the Military and Veterans Code. The deductible for each occurrence of loss shall be as provided by law.

a) Cosmetic damage, which is defined as that which is decorative or superficial rather than functional, is covered only if in conjunction with structural repairs.

NOTE: Authority cited: Sections 700 and 989.6, Military and Veterans Code. Reference: Section 989.4, Military and Veterans Code.

#### HISTORY

1. Amendment filed 3-24-98; operative 4-23-98 (Register 98, No. 13).

### § 372. Loss Valuation.

The Department shall inspect and establish a value for repair of damage which shall be limited to the amount necessary to repair or restore permanent improvements to a condition substantially similar to that which existed prior to the damage. In no event shall the amount of coverage exceed the guaranteed replacement cost value of the property at time of loss. The Department shall be the sole judge of the amount necessary to repair or restore such improvements.

NOTE: Authority cited: Sections 700 and 989.6, Military and Veterans Code. Reference: Sections 987.76(c) and 989.4, Military and Veterans Code.

#### HISTORY

1. Amendment filed 3-24-98; operative 4-23-98 (Register 98, No. 13).

## Chapter 3. Veterans' Services

### Subchapter 3. Veterans' Dependents Educational Assistance

#### § 430. Determination of Eligibility and Qualifications.

The Division of Veterans Services shall review and determine the eligibility and qualifications of each applicant for veterans' dependents' educational assistance. Each applicant shall submit information, in such form or forms as the Division may prescribe, which will enable it to determine the applicant's eligibility and qualifications.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 892, Military and Veterans Code.

#### § 433. Allowances for Full- and Part-Time Students.

Full-time students are allowed expenses for tuition, other fees, and a monthly allowance for books, supplies, and living expenses. Part-time students shall be allowed expenses only for tuition, other fees, books, and supplies. A full-time student is one who is enrolled for at least 12 semester units or the equivalent, except that dependent widows having minor children under their care may be enrolled for 9 semester units or the equivalent. Allowances may be adjusted according to availability of funds, and no allowance may exceed the maximum rate authorized under Section 69566 of the Education Code.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 893-895, Military and Veterans Code.

#### § 434. High School Tuition.

Allowances for high school tuition shall be limited to students who require special custodial, intensive, remedial, or restorative training not available through the California public school system.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 892 and 895, Military and Veterans Code.

#### § 435. Correspondence Courses.

Correspondence courses, other than through accredited institutions of higher learning within the State of California, are not deemed satisfactory or suitable under Section 892 of the Military and Veterans Code. Each subject taken through an approved correspondence course must be completed for credit toward the student's objective prior to payment of any educational assistance allowance.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 892, Military and Veterans Code.

## Subchapter 3.5. College Fee Waiver Program

### § 440. Approval Periods; Academic Year.

(a) Grants of College Fee Waiver benefits shall be made on a year-to-year (academic year) basis. Applicants must reapply each year to maintain continuity of benefits.

(b) An "academic year" shall commence on the first day and terminate on the last day of an entire academic year, as determined by the institutions of higher learning, and shall include all special and summer sessions.

NOTE: Authority: Section 700, Military and Veterans Code. Reference: Section 32320, Education Code.

#### HISTORY

1. New subchapter 3.5 (sections 440-442) and section filed 2-1-96; operative 3-2-96 (Register 96, No. 5).

2. Editorial correction of HISTORY 1 (Register 96, No. 9).

#### § 441. Effective Dates of Benefits.

Entitlement can be established in advance for the upcoming academic year, however, the earliest effective date for which entitlement can be established for fee waiver purposes, will be the beginning date of the academic year in which the application for benefits was received by the Division of Veterans Services or its designees.

NOTE: Authority: Section 700, Military and Veterans Code. Reference: Section 32320, Education Code.

#### HISTORY

1. New section filed 2-1-96; operative 3-2-96 (Register 96, No. 5).

#### § 442. Appeals; Appellate Authority.

Applicants who disagree with a denial of benefits or a termination of benefits shall first appeal the decision to the Chief, Division of Veterans Services. The appeal must be received in the Division within 90 days of the date of the letter which notified the applicant of the denial. Appeals must be in written form, stating the specific reasons why benefits should be granted, and mailed to: Chief, Division of Veterans Services, California Department of Veterans Affairs, 1227 "O" Street, Sacramento, CA 95814.

NOTE: Authority: Section 700, Military and Veterans Code. Reference: Section 86, Military and Veterans Code and Education Code Section 32320.

#### HISTORY

1. New section filed 2-1-96; operative 3-2-96 (Register 96, No. 5).

## Subchapter 4. County Subvention

### § 450. Definitions.

As used in Title 12, CCR, Sections 451, 452, 453, 454, and 455.

(a) "Annually available funds" are those moneys made available to the California Department of Veterans Affairs (Department) on an annual fiscal year basis, for the purpose of expanding the support of, and contributing to the subvention of county operational costs of the County Veteran Service Officer (CVSO). Funds are made available from the following sources:

(1) State general fund moneys through the annual fiscal year departmental budget or legislative appropriation process.

(2) Federal funds through contracting authority between the Department and the California Departments of Health Services and Social Services.

(3) The Veterans Service Office Fund (VSOF) as created by Military and Veterans Code Section 972.2 relating to the Veterans License Plate Program.

(b) "County funds" are those county general fund moneys allocated and expended each fiscal year for the salary and expenses of the appointed CVSO function. These county fund expenses are net expenditures after application of all offsetting revenue and reimbursements excluding the subvention funds paid by the Department.

(c) "Veteran" is a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable as defined in Title 38, United States Code Annotated, Section 101.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 970, 972, 972.1, 972.2 and 972.5, Military and Veterans Code.

#### HISTORY

1. New section filed 6-18-92; operative 7-20-92 (Register 92, No. 25). For prior history, see Register 88, No. 6.
2. Amendment of subsection (a), NOTE and HISTORY and new subsection (a)(3) filed 6-16-94; operative 7-18-94 (Register 94, No. 24).

### § 451. General Administrative Provisions.

(a) The Department shall disburse annually available funds for the subvention of specific fiscal year operational costs of counties that have, through their Boards of Supervisors:

(1) Appointed, prescribed the qualifications for, and set the compensation of a veteran, to be termed "County Veteran Service Officer" (CVSO), to administer the aid to veterans provided for in Division 4, Chapter 5, Military and Veterans Code.

(2) Appropriated and expended county funds for the compensation and expense of the CVSO.

(3) Signed a fiscal year Certification of Compliance agreement with the Department to administer aid to veterans and comply with the policies, procedures, and regulations established by the Department and the direction of its authorized representatives as those policies pertain to the payment of annually available funds.

NOTE: Authority cited: The Statutes of 1990, Chapter 535, Section 2; and Section 700, Military and Veterans Code. Reference: Sections 970, 972, 972.1 and 972.5, Military and Veterans Code.

#### HISTORY

1. Change without regulatory effect repealing section (Register 88, No. 6).
2. New section filed 6-18-92; operative 7-20-92 (Register 92, No. 25).

### § 452. Operational Requirements of Participating Counties.

(a) Each county that has established a CVSO shall institute the organizational and administrative ability to carry out its obligations, including but not limited to the following:

(1) The establishment and maintenance of a data-reporting system that provides the information required on CDVA prescribed workload activity report forms.

(2) The maintenance of financial records and books of account fully disclosing the allocation and expenditure of county funds and the disposition of all offsetting revenues and reimbursements including Department funds allocated to the CVSO function. Such records and books shall be maintained on an accrual or modified accrual basis in accordance with generally accepted accounting principles.

(3) A workload activity data collection system that provides documentation and justification for reported workload activities.

(b) Each county shall submit to the Department all required workload activity reports within 30 days after the end of the reporting periods as established by the Department. Failure to comply may result in the omission of a delinquent county from the annual allocation process.

(c) Each county shall submit to the Department:

(1) The adopted/final current fiscal year budget for the CVSO function, detailing all dedicated CVSO costs and scheduled revenues and reimbursements within 30 days of adoption by the Board of Supervisors.

(2) A detailed report of the prior fiscal year's actual expenditures for the CVSO function including all offsetting revenues and reimbursements by November 1 of each year.

(d) For the purpose of eligibility to participate in the allocation of funds as specified in this chapter, each CVSO shall provide services to veterans and dependents as required by Military and Veterans Code Sections 970 and 971.

(e) For the purpose of eligibility to participate in the annual allocation of funds authorized pursuant to Military and Veterans Code Section 972.1, each county shall appropriate county funds in each fiscal year for the CVSO an amount equal to or greater than expended in Fiscal Year 1988-89.

(1) For the purpose of eligibility to claim and receive payment of the full annual allocation, each county shall certify to the Department that the current fiscal year expenditure exceeds the Fiscal Year 1988-89 expenditure by, at least, the full amount of the current annual allocation.

(f) For the purpose of eligibility to participate in the annual allocation of funds authorized pursuant to Military and Veterans Code Section 972.5, each county shall, as required by the Department, perform, document, and report activities that benefit, or realize cost avoidance to, the Medi-Cal program of the State Department of Health Services and welfare programs of the State Department of Social Services.

NOTE: Authority cited: The Statutes of 1990, Chapter 535, Section 2; and Section 700, Military and Veterans Code. Reference: Sections 970, 972, 972.1 and 972.5, Military and Veterans Code.

#### HISTORY

1. Change without regulatory effect repealing section (Register 88, No. 6).
2. New section filed 6-18-92; operative 7-20-92 (Register 92, No. 25).

### § 453. State General Funded Subvention Programs; Audits and Fund Allocations.

(a) The Department shall perform year-round audits of selected counties to authenticate each county's reported workload activities.

(b) By November 15 of each year, the Department shall calculate and publish the current fiscal year statewide annual county subvention allocations of available state general fund moneys using the audit findings of the previous fiscal year.

(1) Each county's annual subvention allocation pursuant to Military and Veterans Code, Section 972, shall not exceed 50 percent of the county's current fiscal year budgeted expenditures and the allocation of available funds shall be subdivided into the following components:

(A) An administration component of \$5,000 for each county that has established a CVSO.

(B) Effective January 1, 1995, a CVSO component of \$2,500 for each county that has appointed a veteran to perform the duties of a CVSO. This \$2,500 is allocated to offset the cost of the appointed CVSOs' (or designees') attendance at Department sanctioned administrative training sessions. A proportional percentage reduction of this allocation, as deter-

mined by the Department, shall be taken for each training session that is not attended. The funds saved through this reduction shall be distributed as described in Section 453(b)(5).

(C) A performance component for each county that is based on the authenticated workload activities of each county as verified by the Department's annual audit. The amount of this component shall be established by prorating the number of each county's workload activities against the statewide county total.

(D) Effective January 1, 1995, two or more counties may jointly establish a single veterans service office. However, any veterans service office jointly established under this provision shall only receive funding at the same rate as a single county.

(2) The Department shall disburse the allocated annually available funds semi-annually, after December 31 and June 30, upon receipt of each county's Claim for Subvention Funds on which the county certifies its expenditures. Each payment shall not exceed either 50 percent of the county's expenditure or 50 percent of the annual allocation, whichever is less.

(3) Each county's annual subvention allocation pursuant to Military and Veterans Code Section 972.1 shall not exceed the increase of the current fiscal year budgeted expenditures over the Fiscal Year 1988-89 actual expenditures for CVSO operational costs. The allocation of available funds is based on the workload activities allowed by the Department's annual audit and the amount shall be established by prorating the number of each county's workload activities against the statewide county total.

(4) The Department shall disburse the allocated annually available funds semi-annually, after December 31 and June 30, upon receipt of each county's Claim for Subvention Funds on which the county certifies its expenditures. The first payment shall not exceed 50 percent of each county's total annual allocation. The second payment shall be either:

(A) the unpaid balance of the total annual allocation, or

(B) a lesser amount, being the difference between the first payment and the total amount the current fiscal year expenditure exceeds the Fiscal Year 1988-89 expenditure. This payment adjustment shall occur when a county's actual fiscal year expenditure is less than originally budgeted, but still exceeds the base Fiscal Year 1988-89 expenditure. If, however, a county's total current fiscal year expenditure is less than the sum of the Fiscal Year 1988-89 actual expenditure and the first semi-annual payment, as determined by a departmental audit of county expenditures or the county's certification of expenditure, that amount shall be considered an overpayment and shall be credited as a paid reimbursement to the county under the annual subvention allocation pursuant to Military and Veterans Code Section 972.

(5) In the event expenditures of one or more counties are inadequate for a county to receive the total annual allocation available under Sections 453(b)(1) and 453(b)(3), the total amount of undisbursed funds shall be prorated to the remaining eligible counties as per Section 453(b)(3).

NOTE: Authority cited: The Statutes of 1990, Chapter 535, Section 2; The Statutes of 1993, Chapter 138, Section 4; and Section 700, Military and Veterans Code. Reference: Sections 970, 972 and 972.1, Military and Veterans Code.

#### HISTORY

1. New section filed 6-18-92; operative 7-20-92 (Register 92, No. 25). For prior history, see Register 88, No. 6.
2. Amendment of subsections (a), (b)(1)(B) and (b)(3), NOTE and HISTORY and new subsection (b)(1)(D) filed 6-16-94; operative 7-18-94 (Register 94, No. 24).

#### § 453.1. Veterans Service Office Fund Distribution.

(a) Beginning January 1, 1995, and continuing each fiscal year thereafter, to the extent appropriated by the Legislature, distribution of available moneys from the Veterans Service Office Fund (VSOF) shall be made on or after December 31st and June 30th of each fiscal year, in accordance with subsections (1) and (2) below:

(1) State Operations: The amount appropriated in the annual budget act for state operations each year, shall be allocated to Program 20, "Veterans Claims and Rights" in the California Department of Veterans Affairs. These funds shall be used to cover staffing and related costs for the following purposes:

(A) Veterans Service Office Fund administration, allocation, and auditing;

(B) Veterans License Plate Program management, advertising, and publicity;

(C) The development, implementation and operation of a Veterans Service Officer/Veterans Claims Representative Training Program. This program shall provide a professional development curriculum concentrating on skills necessary to function as a journeyperson Veterans Representative and achieve and maintain Accreditation under the provisions of Code of Federal Regulations Title 38 Sections 14.629 through 14.634.

(2) Local Assistance: The amount appropriated in the annual budget act for local assistance each year shall be allocated as follows:

(A) The amount of \$1,500 for each county that has appointed a veteran to perform the duties of a county veteran services officer (CVSO) in accordance with Section 451. This \$1,500 is allocated to partially offset the cost of the appointed CVSO's (or designee's) attendance at Department sanctioned administrative training sessions. A proportional reduction of this allocation shall be taken for each training session that is not attended. The funds saved through this reduction shall be distributed as described in Sections 453.1(a)(2)(B) and (C).

(B) The remaining amount of the annual local assistance appropriation shall be distributed in "pro rata" shares to each eligible county as described below. The "pro rata" shares shall be determined by comparing the total net expenditures of eligible counties, to the total amount of VSOF funds remaining under this Section.

(C) Eligible counties include each county that has appointed a CVSO in accordance with Section 451, but only if that county is in receipt of funds appropriated under Military and Veterans Code Section 972 and has submitted semi-annual reports of net expenditures signed by the auditor/controller or other appropriate authority. These reports must be filed with the Department not later than June 1st for the July 1-December 31 semi-annual report, and November 1st for the January 1 - June 30 semi-annual report, to request allocation funds from the Veterans Service Office Fund. Any county failing to submit their reports by these deadlines shall not be included in the Veterans Service Office Fund distribution for the applicable period.

(b) Method of distribution of funds under Section 453.1(a)(2)(A) and (B).

(1) "Pro rata" shares shall be paid to each eligible entity until such time as that entity is being reimbursed by the Department at a level of 75% of its "net expenditures."

(2) After all eligible entities under this section reach the initial 75% level of reimbursement of "net expenditures," a new level of 100% reimbursement of "net expenditures" shall come into effect.

(3) No entity receiving funds under this section shall be paid in excess of 100% of "net expenditures."

(c) For the purpose of this section only, "net expenditures" means monies expended each year for the salary and expenses of the described entities (counties and district operations), less funds provided through Military and Veterans Code Sections 972, 972.1 and 972.5, and all other revenue and reimbursements. Any reduction in Military and Veterans Code Sections 972, 972.1 or 972.5 funding due to audit findings shall not be made up through the distribution of funds under this section.

(d) In the event an individual county's annual share of Military and Veterans Code Section 972.2 funds is less than their semi-annual payment, the county shall have their subsequent fiscal year share reduced by the amount of the overpayment.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 970, 972, 972.1, 972.2 and 972.5, Military and Veterans Code.

**HISTORY**

1. New section filed 6-16-94; operative 7-18-94 (Register 94, No. 24).
2. Amendment filed 4-10-2006; operative 5-10-2006 (Register 2006, No. 15).

**§ 454. Federal Funded Cost Avoidance Programs; Audit and Fund Allocation.**

(a) The Department may annually negotiate a fiscal year interagency agreement with the Departments of Health Services (DHS) and Social Services (DSS), pursuant to Military and Veterans Code Section 972.5, to obtain sufficient federal funds to reimburse participating counties a portion of their costs of performing cost avoidance activities as identified in the agreement. The interagency agreement shall also contain provisions for paying a portion of the Department's administrative costs of managing the program.

(b) By March 15 of each year, the Department shall make a midyear advance of a percentage of the available funds, as determined by the Department, to participating counties calculated by prorating the number of each county's reported first six months fiscal year's reported cost avoidance workload activities against the statewide total.

(c) The Department shall audit each county as defined in Section 453(a).

(d) By November 15 of each year, the Department shall calculate the cost avoidance allocation of federal funds for the full term of the agreement based on the authenticated workload activities verified by the Department's audit. The total amount of federal funds available under contract, after reduction for reimbursement of the Department's administrative costs, will be allocated to all participating counties by prorating each county's audited cost avoidance workload against the statewide total.

(e) Each county's annual cost avoidance allocation shall not exceed the difference between the total fiscal year CVSO expenditure and the total of the subvention payments made pursuant to Section 453.

(f) The Department shall disburse the allocated funds by January 31 of each year. Each participating county's payment shall be the difference between the midyear advance and the annual cost avoidance allocation.

(g) In the event an individual county's annual cost avoidance allocation is less than the midyear advance, the county shall repay any overpayment to the Department within 30 days of written notice to the Board of Supervisors.

NOTE: Authority cited: Statutes of 1990, Chapter 535, Section 2; and Section 700, Military and Veterans Code. Reference: Section 972.5, Military and Veterans Code.

**HISTORY**

1. New section filed 6-18-92; operative 7-20-92 (Register 92, No. 25).

**§ 455. Administrative Appeal Procedure.**

(a) An appeal procedure is available for counties which disagree with the audit findings pursuant to Sections 453(a) and 454(c) and/or disagree with being omitted from the annual allocation process pursuant to Section 452(b).

(1) A written appeal shall be filed with the Secretary of the Department within 30 days from either the date of the audit findings report signed by the county's representative or the date of the mailing of the notification of omission from the annual allocation. The written appeal shall include the following:

(A) The name, address, telephone number, signature, and date of signing of the chairman of the County Board of Supervisors, or other county official authorized by the Board to act on their behalf.

(B) Full explanation of the reason for the appeal and complete supporting documentation relevant to the resolution of the appeal.

(2) The appeal shall be submitted via certified mail to:

The Secretary  
California Department of Veterans Affairs  
P.O. Box 942895  
Sacramento, CA 94295-0001

(3) The Secretary may delegate the authority to the Undersecretary or Chief Attorney, and the appeal may be reviewed with or without a hearing. Except for judicial review, the Department's decision is final.

(4) Within 30 days of the receipt of the appeal from the county, the Department shall issue a final decision letter via certified mail stating the reasons for the Department's decision.

NOTE: Authority cited: The Statutes of 1990, Chapter 535, Section 2; and Section 700, Military and Veterans Code. Reference: Sections 74, 79, 970, 972, 972.1 and 972.5, Military and Veterans Code.

**HISTORY**

1. New section filed 6-18-92; operative 7-20-92 (Register 92, No. 25).
2. Change without regulatory effect amending subsections (a)(1) and (a)(2)-(3) and NOTE filed 5-30-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 22).

**Subchapter 5. State Veterans Cemetery****§ 460. Definition.**

"State Veterans Cemetery" is any state owned and operated cemetery constructed, expanded, or improved using funds provided by federal grant under the "State Cemetery Grants Program" established by Title 38 Code of Federal Regulations Part 39 "Aid To States For Establishment, Expansion, And Improvement Of Veterans' Cemeteries".

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 1400, Military and Veterans Code.

**HISTORY**

1. New subchapter 5 (sections 460-461) and section filed 9-19-2005; operative 10-19-2005 (Register 2005, No. 38).

**§ 461. Persons Eligible for Burial.**

(a) In determining which persons are eligible for burial in a state veterans cemetery, the Division of Veterans Services shall use the eligibility requirements specified in Title 38 Code of Federal Regulations § 38.620 "Persons Eligible for Burial" (Federal Register, Volume 70, Number 19 effective January 31, 2005), which is hereby incorporated by reference in its entirety.

(b) The Division of Veterans Services, or its designee, shall review and determine the eligibility of persons seeking burial in a state veterans cemetery. Any person requesting burial of an applicant in a state veterans cemetery, shall submit an "Eligibility for Burial Benefits Determination" application (DVS-100, dated August, 2005), which is hereby incorporated in its entirety, to enable the Division to determine the applicant's eligibility.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Section 1400, Military and Veterans Code.

**HISTORY**

1. New section filed 9-19-2005; operative 10-19-2005 (Register 2005, No. 38).

**Chapter 4. Veterans' Home of California****Subchapter 1. Administration****§ 500. Management and Purpose of Home.**

The Veterans' Home of California, under the management and control of the Administrator and subject to the policies adopted by the California Veterans Board and the direction of the Secretary of Veterans Affairs, shall be maintained and operated as a facility where California veterans, appropriately admitted, shall be assured of receiving such care, sustenance, and treatment as will result in their best possible mental, physical, and social status. It shall be their home.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 74, 1012 and 1014, Military and Veterans Code.

**HISTORY**

1. Change without regulatory effect amending section and NOTE filed 5-30-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 22).

**§ 501. Veterans Home Admission.**

(a) The Veterans Home of California shall admit all eligible applicants, provided that care for their needs can be furnished within the available resources of the Veterans Home and subject to the levels of care for which direct admission is permitted.

(b) The Veterans Home shall provide equal opportunity for admission to all eligible applicants regardless of race, color, creed, national origin, religion, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation.

(c) Medical diagnosis of actual or suspected conditions, or classifications of risk potential shall not be the sole factors influencing Veterans Home admission, placement, return from provisional placement, and discharge decisions.

(d) In addition to the requirements stated in Section 1012 of the Military and Veterans Code, the ability of the Veterans Home to provide adequately and appropriately for the applicant's medical and social needs and the applicant's ability and willingness to adapt to the Veterans Home environment shall be determining factors.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

**§ 501.1. Veterans Home Treatment Limitation.**

The Veterans Home shall refuse admission to applicants with medical conditions or disabilities requiring specialized care, handling, or treat-

ment, such as medical specialists or equipment, environmentally secure areas, specially trained teams, or other resources not available at the Veterans Home. The Veterans Home shall provide care for any applicant developing or acquiring such medical conditions after admission within the limitations of the Veterans Home medical programs or shall transfer the applicant to an appropriate special treatment center.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

**§ 501.2. Eligibility Determination.**

(a) The Veterans Home shall determine an applicant's eligibility after a thorough review of all available military data (pursuant to Section 1012 of the Military and Veterans Code), medical and social information.

(b) The Veterans Home shall not admit applicants with a current history of behavioral patterns or traits which would be incompatible with a safe and secure community environment at the Veterans Home.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

[The next page is 15.]

### § 501.3. Applicant's Rights.

(a) Pursuant to Sections 70707, 71515, 72527, and 73523 of Title 22, CCR, the Veterans Home shall not permit an applicant to, or resident of, the Veterans Home to be illegally discriminated against or harassed on account of physical or medical conditions.

(b) The Veterans Home shall protect the legal rights of all applicants, including rights of confidentiality and privacy, as they relate to their physical or medical condition.

(c) Applicants shall have the right to select their own primary care physician and be allowed to participate in their plan of care.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

#### HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

### § 501.4. Veteran's Right to Appeal Application Rejection.

(a) Veterans whose applications for admission are rejected shall have the right to appeal the decision, first to the Administrator and second to the California Veterans Board upon an adverse decision by the Administrator as set forth in Section 86 of the Military and Veterans Code regarding appeals to the Veterans Board.

(b) Upon receipt of a notice of rejection from the Home, the veteran who wishes to contest the rejection shall submit the appeal in writing within ten days of the date of the notice to the Veterans Home Administrator. The veteran shall mail the appeal to the following address as appropriate:

DEPARTMENT OF VETERANS AFFAIRS  
VETERANS HOME OF CALIFORNIA  
YOUNTVILLE, CALIFORNIA 94599  
ATTENTION: ADMINISTRATOR

DEPARTMENT OF VETERANS AFFAIRS  
VETERANS HOME OF CALIFORNIA  
EAST VETERANS PARKWAY  
BARSTOW, CALIFORNIA 92311  
ATTENTION: ADMINISTRATOR

(c) The appeal shall contain reasons for reconsideration, additional facts, and new information that may not have been considered on the initial review of the veteran's application.

(d) Within ten days of the receipt of the appeal the Administrator shall schedule a meeting with the veteran or the veteran's representative via a notice stating the time and place of the meeting. Within five days after the date of the meeting the Administrator shall render a decision in writing to the veteran.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1010, 1011, 1012 and 1043, Military and Veterans Code.

#### HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).
2. Change without regulatory effect amending subsection (b) and NOTE filed 9-25-95 pursuant to section 100, title 1, California Code of Regulations (Register 95, No. 39).
3. Change without regulatory effect amending subsection (b) filed 12-2-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 49).

### § 502. Priorities for Admissions.

(a) The Veterans Home shall admit veterans on a first come, first served basis subject to the limitations or requirements of Sections 980 and 1012 of the Military and Veterans Code.

(b) The Veterans Home shall evaluate requests for an urgent or priority admission date with special emphasis to be unbiased with respect to the state veteran population breakdown (in terms of ethnicity and geographic location), and to take into account age as well as socioeconomic needs. An urgent or priority admission is defined as an admission granted as an exception to the Veterans Home waiting list as described in Section 502.2. The Veterans Home shall review each application for an urgent or priority admission for the following factors:

(1) Social, economic hardship, age, and disability needs. Examples of social factors are the veteran's: a. ability to handle living together in a

group situation; b. ability to get along well with others; c. willingness to accept counseling services; d. needs for companionship.

The economic factors considered are whether a hardship exists for the veteran living outside the Home that could be eliminated by Home membership or whether the cost of the veteran's health care outside the Home is greater. For example, with all other factors being equal, a homeless veteran's request for urgent admission shall receive the higher preference.

Section 1012 of the Military and Veterans Code states that the Home is for aged and disabled persons who served in the armed forces of the United States, therefore in considering requests for an urgent or priority admission date, with all other factors being equal, the older veterans (age 62 and higher) shall receive the higher preference.

With respect to a veteran's disability, the Veterans Home shall evaluate whether the Home has the proper facilities to service the veteran's disability needs.

(2) Geographic, to assure no inequity between the southern and northern part of the State.

(3) Ethnicity, to assure no inequity in relationship to the ethnic breakdown of California veterans population. Therefore, with all other factors being equal, the Veterans Home shall give the higher preference to the ethnic group that is under represented based on historical admission statistics.

(4) Distinguished record and medal awards. With all other factors being equal, the Veterans Home shall grant an urgent or priority admission first to the veteran with a distinguished record or medal award and second to all other veterans.

(5) Readmission. If the veteran is applying for readmission, then the Veterans Home shall review the veteran's past record at the Home to make sure that there are no problems that must be resolved prior to readmission (e.g. delinquent monetary fees or charges owed by the veteran to the Home).

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 980, 1012 and 1043, Military and Veterans Code.

#### HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).
2. Change without regulatory effect amending subsection (a) and NOTE filed 4-28-98 pursuant to section 100, title 1, California Code of Regulations (Register 98, No. 18).

### § 502.1. Release of Patient Information.

(a) The Veterans Home shall require applicants, who have been hospitalized within the two (2) years preceding the requested admission date to the Veterans Home, to complete a release of information form showing name(s) of hospital(s) and date(s) treated. The Veterans Home provides a form which may be used for this purpose. However, it is not mandatory for the applicant to use the Home's form as long as the applicant signs and dates a letter that:

(1) Authorizes their current hospital, whose name the applicant provides, to disclose to the Veterans Home, medical records or other information regarding treatment, hospitalization or outpatient care of the applicant. The letter should also state that these medical records must include any available information regarding the applicant's diagnosis and treatment for alcohol abuse, drug abuse and/or psychiatric treatment.

(2) States the purpose for which the information is required and what specific information is to be released as well as what information shall not be released.

(3) States that this authorization may be revoked at any time by the applicant and that in any case it shall terminate six months from the date of the letter.

(b) The Veterans Home shall require a discharge summary on the applicant for any hospitalization regarding alcohol treatment or psychiatric illness. As defined in Section 70749(a)(16), Title 22, CCR, Licensing and Certification of Health Facilities, a discharge summary is a document which contains a brief recapitulation of the significant findings and events of the patient's hospitalization, condition on date of discharge and the recommendations and arrangements for future care.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

#### HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

### § 502.2. Waiting Lists for Admission.

(a) Due to the limited number of beds available for male and female veterans, and for each level of care, waiting lists may be required. When waiting lists are in effect the Veterans Home shall select veterans for admission chronologically based on the date the application was received, by the level of care and category required. The following are the three main categories as defined in Section 503:

(1) Residential (Domiciliary)

(2) Intermediate Care

(3) Couples: All couples shall initially be admitted to a double room and await apartment placement. There are no apartments for couples at the Veterans Home of California, Barstow. Only double rooms for couple housing are available at the Barstow facility.

(A) Priority for admission to the Veterans Home as a couple shall be based on the date that the couple's application is received by the Veterans Home Admissions Office.

(B) The date that a couple enters the Home shall establish their priority for being assigned to an apartment.

(C) If two single members of the Veterans Home marry after admission, the date of the wedding shall establish their position on the waiting list for assignment to an apartment.

(b) As stated in Section 501.2 the Veterans Home shall determine an applicant's eligibility after a thorough review of all available military data (pursuant to Section 1012 of the Military and Veterans Code), medical and social information. As a result of this review and by applying the definitions in Section 503 the veteran's level of care shall be determined.

(c) The Veterans Home shall advise applicants of their position on the waiting list and the approximate waiting time before scheduled admission within five working days after their application has been approved. The Veterans Home shall provide updates on approximate waiting time to the veteran upon receipt of a written or verbal request from the veteran.  
NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1011, 1012 and 1043, Military and Veterans Code.

#### HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).  
2. Change without regulatory effect amending subsection (a)(3) and NOTE filed 9-25-95 pursuant to section 100, title 1, California Code of Regulations (Register 95, No. 39).

### § 502.3. Pre-Admission Evaluation.

(a) All applicants for admission to the Veterans Home shall submit to a pre-admission evaluation.

(b) The Veterans Home shall require an updated Medical Certificate or transfer summary as defined in Section 70753, Title 22, CCR, Licensing and Certification, to be submitted by the applicant's current physician at least one (1) week prior to the scheduled appointment for possible admission when an applicant has been on a waiting list longer than six (6) months.

(c) The Veterans Home schedules pre-admission evaluations during the regular work week, Monday through Friday. The Veterans Home shall send notification of when to report for this evaluation no less than two weeks prior to the scheduled appointment for admission.

(d) The Veterans Home shall require applicants to notify the Veterans Home immediately in writing or by telephone as to whether or not their appointment for the pre-admission evaluation shall be kept. If the appointment is not kept and the Veterans Home is not notified, then the Veterans Home shall remove the applicant's name from the waiting list and place the applicant's file in the application inactive file. To be reconsidered the applicant shall contact the Home by writing a letter requesting to reschedule the pre-admission evaluation. The Veterans Home shall schedule the evaluation notifying the applicant in writing of the date and time. If waiting lists are still in effect at the time the veteran's letter is received, then the Veterans Home shall again place the applicant's name on the waiting list.

(e) If an applicant is scheduled for admission for one level of care, and during the pre-admission evaluation it is determined that there has been change in level of care needs, then the Veterans Home shall admit the applicant to the level of care most suited to those needs.

(f) The Veterans Home shall not conduct a pre-admission evaluation on applicants who appear at the Veterans Home for the evaluation and are deemed under the influence of alcohol or non-prescription drugs. These applicants shall be rescheduled for a pre-admission evaluation at a future date.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

#### HISTORY

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

### § 503. Definitions for Levels of Care.

Levels of Care at the Home – The Veterans Home is licensed by the State of California Department of Health Services, and shall provide the following levels of care:

(a) Residential (Domiciliary) – For self-sufficient residents who are able to perform all the activities of daily living. Minimum personal care and supervision shall be provided by non-nursing personnel. Access to medical care shall be available at all times. Applications for direct admission shall be accepted.

(b) Residential Care (Licensed) – For self-sufficient residents who, with minimal assistance, are able to perform daily living activities. Potential residents of this level are placed in Intermediate Care until their physical capabilities for self-care have been evaluated. Applications for direct admission are not accepted. Residential Care (Licensed) is not available at the Veterans Home of California, Barstow. All residential care will be in the domiciliary at the Barstow facility.

(c) Couple Housing – A veteran with a spouse who is or is not a veteran shall be provided living arrangements to share. Such couples must demonstrate that they are able to function on a mutually supportive basis. In such cases, the spouse shall be provided the same medical benefits within the Veterans Home as the veteran. Applications for direct admission are accepted. There are no apartments for couples at the Veterans Home of California, Barstow. Only double rooms for couple housing are available at the Barstow facility.

(d) Social Rehabilitation – This program, through the Veterans Home Alcohol Treatment Service, provides care for alcohol related problems. Admission to and continued stay is dependent on the applicant's voluntary dedication to sobriety and to an ongoing effort to overcome alcohol addiction and upon the continuous participation in the programs provided. Applicants shall sign an informed consent for treatment. The Veterans Home shall use an additional questionnaire covering the applicant's history and previous drinking pattern in the screening. Applications for direct admission shall be accepted. No Alcohol Treatment Service is available at the Veterans Home of California, Barstow.

(e) Intermediate Care – Provides, as set forth in Section 73051, Title 22, CCR, skilled nursing and supervision on less than a continuous basis. Applications for direct admission shall be accepted.

(f) Skilled Nursing Care – Provides skilled nursing and supportive care to patients whose primary need is for this type of care on an extended basis. It provides 24-hour in-patient care and includes medical, nursing, dietary, pharmaceutical services and an activity program. No direct admission to this level of care is allowed from outside sources except when the Skilled Nursing Facility (SNF) occupancy rate is below 75%.

(g) Acute Hospital Care – Provides intensive care on a 24-hour in-patient basis (medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy and dietary services). No direct admission to this level of care is permitted from outside sources. This care is for existing Veterans Home members only. No acute hospital care exists at the California Veterans Home, Barstow. Acute hospital care is provided at Barstow Hospital, Victorville Community Hospital, or the United States Department of Veterans Affairs Medical Center, Loma Linda.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1011, 1012 and 1043, Military and Veterans Code.

**HISTORY**

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).
2. Change without regulatory effect amending subsections (b)-(d), (g) and NOTE filed 9-25-95 pursuant to section 100, title 1, California Code of Regulations (Register 95, No. 39).
3. Amendment of subsection (f) filed 10-8-2004 as an emergency; operative 10-8-2004 (Register 2004, No. 41). A Certificate of Compliance must be transmitted to OAL by 2-7-2005 or emergency language will be repealed by operation of law on the following day.
4. Reinstate of section as it existed prior to 10-8-2004 emergency amendment by operation of Government Code section 11346.1(f) (Register 2005, No. 6).
5. Amendment of subsection (f) filed 2-16-2005 as an emergency; operative 2-16-2005 (Register 2005, No. 7). A Certificate of Compliance must be transmitted to OAL by 6-16-2005 or emergency language will be repealed by operation of law on the following day.
6. Amendment of subsection (f) refiled 6-14-2005 as an emergency; operative 6-14-2005 (Register 2005, No. 24). A Certificate of Compliance must be transmitted to OAL by 10-12-2005 or emergency language will be repealed by operation of law on the following day.
7. Reinstate of section as it existed prior to 2-16-2005 and 6-14-2005 emergency amendments by operation of Government Code section 11346.1(f) (Register 2006, No. 7).

**§ 503.1. Conditional Admission.**

(a) Conditional Admission – A veterans who is accepted for admission shall be admitted to the Home on a conditional basis for the first sixty (60) days. The following rules shall apply to the veteran:

(1) A physical examination is required before conditional admission to the Veterans Home.

(2) After a two-week period of observation, if it is determined that the veteran is unable to function at the level of care required for admission to the Veterans Home, then the Veterans Home shall request the person or agency responsible of the veteran to make other living arrangements prior to the veteran's discharge from the Home.

(3) Demonstrable falsification of any document, on which any admission has been based, shall be cause for immediate discharge.

(4) Violations of the Home's Code of Conduct or Rules and Regulations while in a conditional admission status shall be cause for immediate discharge.

(5) All applicants shall supply the name of a person or facility they can return to in the county of origin if a discharge is necessary. If no person or facility is indicated, then the Veterans Home shall return or transfer these applicants to a facility that the Home has determined can provide for their health care needs in the county of origin.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

**HISTORY**

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

**§ 504. Readmission.**

(a) Pursuant to Section 70717 of Title 22, CCR, the Veterans Home readmission policy shall apply in the following areas:

(1) Former members who have left the Veterans Home voluntarily shall have no priority for readmission. Members who are voluntarily discharged shall be readmitted on request within 30 days after discharge, if there is no waiting list; otherwise their name shall be placed on a waiting list. These former members, however, are still subject the Pre-admission Evaluation as described in Section 502.3.

(2) Readmission of former members, who were voluntarily discharged after being previously enrolled in any of the Home's rehabilitation programs (e.g. alcohol or drug), shall be predicated on the rehabilitation plan which is developed by the member's primary care physician just prior to discharge, progress under such plan and other circumstances that demonstrate merit for readmission. The procedures in subsection 504(a)(1) shall apply to members who are discharged after being enrolled in a rehabilitation program.

(3) Readmissions are limited to intermediate, residential, or domiciliary levels of care only.

(4) Readmission shall be subject to review and recommendation by a group consisting of the Chief of Ambulatory Care Service, the appropri-

ate Social Worker, and the Chief of Residential Care Service, or the Chief Medical Officer, as appropriate.

(5) Readmission of persons discharged for non-payment of fees shall be subject to payment of delinquent fees unless a negotiated arrangement is approved by the Veterans Home Administrator.

(6) Readmission of members involuntarily discharged for violation of the Code of Conduct shall be subject to policies and conditions described under Section 504.1 below. A veteran shall have the right to appeal a rejection in accord with Section 501.4 above.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

**HISTORY**

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

**§ 504.1. Readmission After Code of Conduct Violation.**

(a) Pursuant to Section 72527, Title 22, CCR, the Veterans Home shall, prior to admission, provide all applicants with a written copy of the Veterans Home Code Of Conduct (Rev. 10/91) which is a listing of all the rules governing patient conduct.

(b) Persons discharged for disciplinary reasons from the Veterans Home because of violations of the Veterans Home Code of Conduct shall be considered for readmission after six (6) months following the date of discharge, subject to the following conditions:

(1) There is evidence of rehabilitation or modification of behavior patterns that correct the infraction of discipline which was the cause for the discharge.

(2) Persons who had a record of belligerent and disruptive behavior while in the Home shall be evaluated as to present attitudes and behavior patterns.

(3) The Incident Review Committee shall evaluate the candidate's records of discharge and behavior prior to readmission application and then make a recommendation to the Administrator. So as to provide peer review the Committee shall include member representation.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012 and 1043, Military and Veterans Code.

**HISTORY**

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

**§ 505. Veteran's Deposits and Payment of Fees and Charges.**

(a) The Veterans Home shall require all veterans (or their legal representatives), whose applications for admission are approved, to declare all sources and amounts of monthly income.

(b) Applicants may authorize the Veterans Home to accept their incomes for direct deposit to their individual trust accounts and to automatically withdraw monthly fees, charges, and aid and attendance payments as applicable from their accounts, by completing the necessary authorization documents.

NOTE: Authority cited: Sections 700 and 1044, Military and Veterans Code. Reference: Sections 1012, and 1012.1-1012.3, Military and Veterans Code.

**HISTORY**

1. New section filed 1-13-92; operative 2-13-92 (Register 92, No. 12).

**§ 506. Definitions.**

(a) "Cost of care in excess of the member fee" means the difference between all member account cost items and member account cost offset items as defined herein. The cost of care in excess of the member fee constitutes the unreimbursed cost of care.

(b) "Period of stay" means any time a member is admitted to the California Veterans Home system on or after January 1, 1984, regardless of continuity of stay.

(c) "Member account cost items" means the sum of all room and board charges, outside medical expenditures and other medical expenditures incurred during a members period of stay at any California Veterans Home.

(1) "Room and Board Charges" means the per-diem charges based on a member's level of care and admission status for all services provided by the Home.

(2) "Outside Medical Expenditures" means the actual costs of medical and dental services rendered to the member that are paid by the Home to any health care provider.

(3) "Other Medical Expenditures" means co-payments or deductibles paid by the Home for treatment covered under the member's medical insurance.

(d) "Member account cost offset items" means any payments received by the Home to offset the cost of care rendered to the member, including, Member Fees, Aid and Attendance payments, USDVA Per Diem and funds received from outside sources.

(1) "Member Fees" or "Member Contribution Fee" means fees paid by the members to the Home as prescribed in Military and Veterans Code, § 1012.3.

(2) "Aid and Attendance payments" means payments received by the Home from the United States Department of Veterans Affairs on behalf of the member pursuant to 38 U.S.C. §§ 1502(b), 1521(d), during any period of stay in the California Veterans Home system.

(3) "USDVA Per Diem" means payments received by the Home from the United States Department of Veterans Affairs on behalf of the member pursuant to 38 U.S.C. § 1741, during any period of stay in the California Veterans Home system.

(4) "Funds received from outside sources" means payments received by the Home from Medi-Cal, Medicare, supplemental insurance payments and any other voluntary payment, collection or net liquidation of assets received from external sources on behalf of a member.

NOTE: Authority cited: Section 1035.6(b), Military and Veterans Code. Reference: Sections 1035, 1035.05 and 1035.6, Military and Veterans Code.

#### HISTORY

1. New section filed 8-12-2003; operative 8-12-2003 pursuant to Government Code section 11343.4 (Register 2003, No. 33).

### **§ 507. Calculation of the Cost of Care in Excess of the Member Fee.**

(a) The cost of care in excess of the member fee is the difference between the Member Account cost items which is the sum of Section 506(c)(1), (2) and (3) and the Member Account cost offset items which is the sum of Section 506(d)(1), (2), (3) and (4), or zero if the total is less than zero.

NOTE: Authority cited: Section 1035.6(b), Military and Veterans Code. Reference: Sections 1035, 1035.05 and 1035.6, Military and Veterans Code.

#### HISTORY

1. New section filed 8-12-2003; operative 8-12-2003 pursuant to Government Code section 11343.4 (Register 2003, No. 33).

## **Chapter 5. Conflict of Interest Code**

### **§ 600. General Provisions.**

The Political Reform Act, Government Code sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Department of Veterans Affairs.

Designated employees shall file their statements of economic interests with the Department of Veterans Affairs. Upon receipt of the statements of the Secretary and the Members of the Veterans Board, the agency shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission. Statements of all other designated

employees shall be retained with the Department which shall make the statements available for public inspection and reproduction. (Gov. Code Section 81008).

NOTE: Authority cited: Sections 87300 and 87304, Government Code. Reference: Sections 87300, et seq., Government Code.

#### HISTORY

1. New subchapter 6 (sections 600-610) filed 2-25-77; designated effective 4-1-77. Approved by Fair Political Practices Commission 11-17-76 (Register 77, No. 9).
2. Repealer of subchapter 6 (sections 600-610) and new subchapter 6 (section 600 and Appendix) filed 2-26-81; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 12-1-80 (Register 81, No. 9).
3. Redesignation of subchapter 6 (section 600 and Appendix) to part 5 (section 600 and Appendix) filed 12-6-82; effective thirtieth day thereafter (Register 82, No. 50).
4. Amendment of Appendix filed 4-17-85; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 2-13-85 (Register 85, No. 16).
5. Change without regulatory effect of Appendix filed 5-18-89 (Register 89, No. 25).
6. Editorial correction of printing error of Appendix inadvertently omitting Category 5 (Register 91, No. 10).
7. Change without regulatory effect pursuant to section 100, title 1, California Code of Regulations amending section 600, filed 3-4-91, operative on filing (Register 91, No. 15).
8. Editorial correction of printing error of Appendix inadvertently omitting Category 5 (Register 91, No. 15).
9. Editorial correction of HISTORY 5. and correction of printing errors in Appendix (Register 91, No. 44).
10. Amendment of section and appendix filed 5-21-92; operative 6-22-92. Submitted to OAL for printing only. (Register 92, No. 21).
11. Editorial correction of HISTORY NOTE 7, and renumbering (Register 95, No. 39).
12. Amendment of appendix filed 12-6-95; operative 1-5-96. Approved by Fair Political Practices Commission 10-24-95. Submitted to OAL for printing only (Register 95, No. 49).
13. Editorial correction of Appendix (Register 96, No. 1).
14. Change without regulatory effect amending general provisions, provision on limit on gifts and appendix filed 5-30-96 pursuant to section 100, title 1, California Code of Regulations (Register 96, No. 22).
15. Amendment filed 11-17-97; operative 12-17-97. Approved by Fair Political Practices Commission 9-19-97 (Register 97, No. 47).

### **Prohibition on Honoraria**

Board members and designated employees of this agency are prohibited from accepting any honorarium from any source which the board member or employee would be required to report as a source of income, loans, or gifts on his or her statement of economic interests.

"Honorarium" means, except as provided below, any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

"Honorarium" does not include earned income from personal services which are customarily provided in connection with the practice of a bona fide business, trade, or profession, such as teaching, practicing law, medicine, insurance, real estate, banking, or building contracting, unless the sole or predominant activity of the business, trade, or profession is making speeches.

#### **Limit on Gifts**

Board members and designated employees of this agency are prohibited from receiving gifts with a total value of more than that stated in Regulation 18730 of Title 2 in a calendar year from any single source which the board member or designated employee is required to report as a source of income, loans, or gifts on his or her statement of economic interests.

The limit on gifts does not apply to the following:

(1) Payments, advances, or reimbursements for travel and related lodging and subsistence permitted by Government Code section 89506;

(2) Wedding gifts and gifts exchanged between individuals on birthdays, holidays, or other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value; and

(3) The general exceptions provided in Government Code section 82028(b).

**Appendix**

<i>Designated Positions</i>	<i>Assigned Disclosure Category</i>	<i>Assigned Disclosure Category</i>
<i>Administration</i>		
Secretary .....	7,8	
Undersecretary .....	7,8	
Deputy Secretary .....	7,8	
Chief Counsel .....	7,8	
Staff Counsel (All levels) .....	7,8	
Chief, Bond Finance Division .....	7,8	
Chief, Finance Division .....	7,8	
Staff Services Manager (Finance Division) .....	1,2,5	
Chief, Internal Audits .....	7,8	
Associate Management Auditor .....	7,8	
Business Services Officer I .....	1,2,5	
Business Services Officer II .....	1,2,5	
Accounting Administrator I .....	1,2,5	
Senior Accounting Officer .....	1,2,5	
Chief, Information Services Division .....	1,2	
Affirmative Action Officer .....	1,2	
Chief, Personnel Management Division .....	1,2	
Staff Services Manager I (Personnel Management Division) .....	1,2	
Chief, Legislative and Public Affairs Office .....	1,2	
Staff Services Manager I (Legislative/Public Affairs) .....	7,8	
Special Representative (Legislative/Public Affairs) .....	7,8	
Training Officer .....	1,2	
<i>California Veterans Board</i>		
Members of the Board .....	7,8	
<i>Division of Farm and Home Purchases</i>		
Chief, Farm and Home Purchases .....	1,2,3,4,5,8	
Supervising Property Agent .....	1,2,3,4,5	
Senior Property Agent .....	1,2,3,4,5	
Associate Property Agent .....	3,4,5	
Assistant Property Agent .....	3,4,5	
Junior Property Agent .....	4,5	
<i>Southern California Veterans Home Project</i>		
Assistant Secretary, Southern California Veterans Home Project .....	7,8	
<i>Division of Veterans Services</i>		
Chief, Veterans Services .....	1,2,6	
Associate Governmental Program Analyst .....	6	
Veterans Claims Representative .....	6	
<i>Veterans Home of California</i>		
Administrator .....	1,2,3,5	
Deputy Administrator .....	1,2,3,5	
Assistant Administrator, Program Services .....	1,2,3,5	
Assistant Administrator, Support Services .....	1,2,3,5	
Chief, Post Fund Enterprises .....	1,2,3,5	
Chief, Supply and Purchasing Service .....	1,2,5	
Chief, Plant Operations Service .....	1,2,5	
Patient Benefit and Insurance Officer (All Levels) .....	1,2,5	
Chief Medical Officer .....	1,2	
Chief of Medicine .....	1,2	
Chief, Dental Service .....	1,2	
Chief, Radiology Service .....	1,2	
Chief, Ambulatory Care Service .....	1,2	
Chief, Pathology Service .....	1,2	
Chief, Respiratory Service .....	1,2	
Chief, Surgical Service .....	1,2	
Chief, Restorative Care Service .....	1,2	
Chief, Sanitation Service .....	1,2	
Chief, Laundry Service .....	1,2	
Chief, Security and Fire Protection Service .....	1,2	
Chief, Chaplaincy Service .....	1,2	
Chief, Social Work Service .....	1,2	
Chief, Pharmacy Service .....	1,2	
Chief, Nursing Service .....	1,2	
Chief, Residential Care Service .....	1,2	
Chief, Medical Administrative Service .....	1,2	
Chief, Alcohol Treatment Service .....	1,2	
Chief, Vocational and Leisure Service .....	1,2	
Chief, Dietary and Food Service .....	1,2	
Chief, Personnel Service .....	1,2	
Health and Safety Officer .....	1,2	
<i>Designated Positions</i>		
Special Consultant (All Divisions) .....	7,8 <sup>1</sup>	

<sup>1</sup>With respect to Consultants, the Secretary, however, may determine in writing that a particular consultant, although a "designated person," is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties, and, based upon that description, a statement to the extent of disclosure requirements. The Secretary's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

*Category 1*

Designated employees in Category 1 shall report:

Investments and business positions in any business entity or income derived from any person or business entity the employee knows or has reason to know provides or plans to provide supplies, materials, machinery or equipment to the Department of Veterans Affairs or the Veterans Home of California.

*Category 2*

Designated employees in Category 2 shall report:

Investments and business positions in any business entity or income derived from any person or business entity the employee knows or has reason to know provides or plans to provide work or services to the Department of Veterans Affairs or the Veterans Home of California.

*Category 3*

Designated employees in Category 3 shall report:

Investments and business positions in any business entity or income derived from any person or business entity the employee knows or has reason to know is an insurance company, title company, escrow company, real estate firm, mortgage loan company, savings and loan association, bank, building or construction contractor or subcontractor, or other insuring, realty, financial or contracting entity which provides or plans to provide work or services to, or to be approved by the Department of Veterans Affairs or the Veterans Home of California.

*Category 4*

Designated employees in Category 4 shall report:

Any interests and business positions in any real property located within the State of California, or if employed in a District Office, located within the jurisdiction of that office, which is, or is to be sold or financed by the Department of Veterans Affairs.

*Category 5*

Designated employees in Category 5 shall report:

Investments and business positions in any business entity or income derived from any person or business entity the employee knows or has reason to know contracts with or plans to contract with the Department of Veterans Affairs or Veterans Home of California for the lease, purchase or sale of real or personal property.

*Category 6*

Designated employees who receive, or whose spouses or dependent child or children receive, educational assistance benefits provided by the Department of Veterans Affairs shall report this information.

*Category 7*

Designated employees required to disclose financial interests covered by this category shall report all financial interests covered by Categories 1 through 6 above.

*Category 8*

Designated employees in Category 8 shall report:

Any interest in real property located within the State of California.

## Chapter 6. California Veterans Board

### § 700. Board Meetings; Quorum.

1. That to constitute a quorum at a meeting of the California Veterans Board a minimum of four members shall be present. The Agency Secretary, or Acting Secretary, if present, shall be counted as a member of the quorum.

2. That to constitute a voting majority on any matter, a minimum of three "aye" votes shall be cast in favor of the measure, and the "aye" votes shall exceed the "nay" votes by a minimum of one vote.

NOTE: Authority cited: Section 700, Military and Veterans Code. Reference: Sections 61, 64 and 65, Military and Veterans Code.

#### HISTORY

1. New chapter 6 (section 700) and section filed 3-1-99; operative 3-31-99 (Register 99, No. 10).

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## **Title 12. Military and Veterans Affairs**

### **Division 3. Office of the Inspector General for Veterans Affairs**

**Vol. 16**

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## Division 3. Office of the Inspector General for Veterans Affairs

### Chapter 1. Conflict of Interest Code

#### § 3000. Conflict of Interest Code for the Office of the Inspector General for Veterans Affairs.

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730), which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation, attached Appendix designating employees and disclosure category, shall constitute the conflict of interest code for the Office of the Inspector General for Veterans Affairs.

Designated employees shall file statements of economic interests with the agency who will make the statements available for public inspection and reproduction (Government Code Section 81008). Upon receipt of the statements from the designated employees, the agency shall retain the original documents with the exception of the Inspector General for Veterans Affairs, whose original shall be forwarded to the Fair Political Practices Commission and a copy retained by the agency.

NOTE: Authority cited: Sections 73.5, 73.6 and 73.7, Military and Veterans Code; and Sections 81000 et seq., Government Code. Reference: Sections 73.5, 73.6 and 73.7, Military and Veterans Code; Sections 81000 et seq., Government Code; and Sections 18100 et seq., Title 2 CCR.

#### HISTORY

1. New division 3, chapter 1 and section filed 12-10-2001; operative 1-9-2002. Approved by Fair Political Practices Commission 10-15-2001 (Register 2001, No. 50).
2. Amendment of Appendix filed 5-29-2003; operative 6-28-2003. Approved by Fair Political Practices Commission 3-12-2003 (Register 2003, No. 22).

#### Appendix

##### *List of Designated Positions*

	<i>Disclosure Category</i>
Inspector General	1
Chief Deputy Inspector General	1
Deputy Inspector General	1
Assistant Inspector General	1
Executive Secretary	2
Consultants	*

##### *Disclosure Category*

###### *Category 1*

A designated employee in this category must report all investments, business positions, interests in real property, and sources of income.

###### *Category 2*

A designated employee in this category must report investments and business positions in business entities and income from sources which are of the type which within the previous two years has provided services, equipment, leased space, materials or supplies to the Office of the Inspector General for Veterans Affairs.

\*Consultants shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

The Inspector General may determine in writing that a particular consultant, although a "designated employee" is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The determination of the Inspector General is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

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